

**Recommendations  
of the  
EU-Japan Business Round Table  
to the Leaders of the European Union and Japan**

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**Working Party C  
Innovation, Information & Communication Technologies**

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## List of Abbreviations

Abbreviation	Meaning
AEO	Authorized Economic Operator
APEC	Asia-Pacific Economic Cooperation
BCR	Binding Corporate Rules
BRT	Business Round Table
CEF	Connecting Europe Facilities
EASA	European Aviation Safety Agency
ECJ	European Court of Justice
ENS	Entry Summary Declaration
EU	European Union
FP	Framework Programme
GNSS	Global Navigation Satellite Systems
GOJ	Government of Japan
ICAO	International Civil Aviation Organization
ICT	Information, Communication Technology
IEC	International Electrotechnical Commission
IFR	Instrument Flight Rules
ITA	Information Technology Agreement
ITS	Intelligence Transport Systems
JCAB	Japan Civil Aviation Bureau
M2M	Machine-to-Machine
METI	Ministry of Economy, Trade and Industry
MEXT	Ministry of Education, Culture, Sports, Science and Technology
MOD	Ministry of Defence
MoU	Memorandum of Understanding
MRA	Mutual Recognition Agreement
MRJ	Mitsubishi Regional Jet
NATO	North Atlantic Treaty Organization
NGBN	Next Generation Broadband Network
NTB	Non-Tariff Barrier
PDCA	Plan, Do, Check, Action
PFI	Private Finance Initiative
R&D	Research and Development
S&T	Science and Technology
SGAE	Sociedad General de Autores y Editores
SME	Small and Medium Enterprise
VAT	Value added Tax
WTO	World Trade Organization

## Recommendations from both European and Japanese industries

### ICT

#### **WP-C / # 01 / EJ to EJ    Execution of Growth strategy and ICT strategy**

Both Authorities should implement detailed action plans with specific targets and use PDCA cycles to monitor the status of each item. ICT Strategy Progress Reports for each action should be published on the Authorities' websites.

Some progress has been seen for this recommendation. The Digital Agenda for Europe Annual progress report was released on 22nd of Dec, 2011

#### *< Background >*

*The BRT welcomes both Authorities' recognition that ICT is an engine for growth and that they have designed ICT strategies that are consistent with their growth strategies. In May 2010, the EU confirmed its Digital Agenda IT strategy is an essential part in the "EU 2020" growth strategy. The Japanese Government published a New Growth Strategy in June 2010, a New Information Communication Technology Strategy in May 2010 and an implementation plan in June 2010.*

#### **WP-C / # 02 / EJ to EJ    Coordination of trading principles of ICT services**

Both sides' authorities are requested to discuss trade principles of ICT services aiming at creating better environment for the business and co-operate for implementation of such principles to third countries for improving global trade conditions.

This is a new recommendation

#### *< Background >*

The European Union and The United states released a set of trade principles for information and communication technology services on 4<sup>th</sup> of Apr. 2011. Japan and the United States published similar ICT service trade principles on 25<sup>th</sup> of Jan, 2012. As ICT service sectors evolves rapidly compared to other sectors, global trading rules and regulations do not reflect and match the current landscape of this highly potential growth ICT service sector.

#### **WP-C / # 03 / EJ to EJ    Building trusted and safe online environment**

- (1) Both authorities should establish an information sharing / exchange mechanism between EU and Japan for cyber security



- 1) Study on cyber-attack information sharing within closed organizations and companies.
  - 2) Study on investigation mechanism across borders.
  - 3) Study on reporting procedure for cyber-attack disclosure from companies to government (even if the personal data is included in the disclosure, companies can be exempted from breach of personal data protection.)
- (2) Study on mechanism for joint training such as simulation exercises involving both forces against cyber attack
- (3) Construction of safety network including government and defense industries.
- (4) Conduct technology development for prediction and immediate responses against cyber-attack

These are new recommendations

*< Background >*

Cyber-attacks against governments and companies are increasing recently. In this highly connected digital world, threats comes from anywhere in the world. Especially organized attack and interference targeting certain entities is a beyond control of one enterprise therefore to address this serious issue, it needs close cooperation with public and private sectors.

Enhancing trust on internet environment among societies and businesses is fundamental pillar for creation of ICT enabled new services and business models, which will lead economic growth and job creation.

**WP-C / # 04 / EJ to EJ    Building robust critical infrastructure supported by ICT**

. Both authorities are recommended to share best practices, and earmark funding for R&D and give incentives for private sectors to construct robust resilient infrastructures supported by ICT, including telecom network and data centre, etc.

*< Background >*

Experience of the Great East Japan Earthquake on 11<sup>th</sup> of March, 2011 found out effectiveness of ICT such as social media as communication tool for emergency case, at the same time several telecommunication networks are severely damaged and service provision of fixed and mobile commutation are affected because of congestion and lack of power supply. Critical infrastructures such as energy, transportation, water are supported by ICT. A robust and reliable telecommunication sector is especially important because other critical infrastructure capabilities are dependent on their connectivity. Securing connectivity is indispensable for mitigating damages at natural disasters

**WP-C / # 05 / EJ to EJ    Deployment of Next Generation Broadband Networks**

- (1) Regulations should provide necessary legal certainty for investors. Technologies should be able to evolve on their own merits – innovation and investment decisions should not be hampered by technology-prescriptive regulations.



- (2) Both Authorities should provide the necessary stimuli to industry to encourage the provision of high-speed fixed or mobile broadband services in the areas where deployment by private sector investment is difficult. (Such as less-populated areas).
- (3) To promote the use of ICT, both Authorities should enhance the social benefits of the next generation broadband network by encouraging education, healthcare and other government services.
- (4) To permit a more efficient use of the spectrum, and to address the very rapid traffic growth in the mobile networks due to smartphones, both Authorities should free up as many frequencies as possible for use by mobile broadband. Moreover, both Authorities should strive for a harmonised use of the spectrum to ensure economies of scale and thereby lower service prices incurred by consumers.

Some progress has been made for this recommendation

The European Commission proposed a growth package for integrated European infrastructure on 19<sup>th</sup> of Oct, 2011. Out of 50 billion Euro Connecting Europe Facilities, 9 Billion Euro are allocated to the telecommunication sector (from 2014 to 2020)

< Background >

*The BRT welcomes the European Digital Agenda plan to deliver fast and ultra-fast broadband in Europe. If the Agenda's goals are to be achieved, the right regulatory environment for investment and innovation is critical.*

*High-speed broadband networks provide the basic underlying infrastructure needed to make nearly all other services and applications of the future information society a reality. Academic research and empirical evidence have shown that a widespread and reliable broadband infrastructure will improve productivity, stimulate innovation, accelerate growth, and create jobs.*

*Thus, high-performance fixed and mobile telecommunications infrastructures have become decisive factors in the global competitiveness of modern knowledge-based economies. Social development, future growth and jobs will largely depend on the ability to provide for an innovation and investment-friendly regulatory framework.*

*Due to different subscriber density and demand in different regions and over time, different technologies and topologies are best suited for different scenarios. The principle of technology neutrality in any regulation is therefore crucial.*

*Innovation and investment for next generation mobile broadband are becoming increasingly critical for the above-mentioned policy objectives.*

**WP-C / # 06 / EJ to EJ Continued efforts for ICT usage towards social challenges**

The BRT recommends continued efforts for the promotion of ICT use by the public sector. Both Authorities also should facilitate the convergence of ICT and other sectors, such as healthcare, education, energy and automobile etc. by budget



allocation for innovative ICT demo projects. It will generate new growth service sectors for ICT industry. Where appropriate, laws and rules which could impede advanced ICT usage should be deregulated.

Some progress has seen for this recommendation

On 19th of Oct, 2011, the European Commission proposed Connecting Europe Facilities funding scheme amounting to 50 Billion Euro funding. Digital service infrastructure projects such as electronics health record, electronics identification, electronic procurement are selected for CEF grants.

< Background >

*If the benefits of NGBN are to be maximised, the public sector must promote the use of ICT projects. Public sector services have a greater potential than private sector services for using ICT. Such ICT usage will drive the creation of new services and raise the efficiency of public services and contribute to solving complex societal challenges.*

**WP-C / # 07 / EJ to EJ    Balanced approach of personal data protection and innovation in the cloud computing era**

- (1) The BRT welcomes the fact that the European Commission is proposing a Regulation as the legal instrument for aiming higher level of the harmonization of data protection within the EU. It will lead to innovative new online services across Europe. The BRT also welcomes the inclusion in the proposal of a consistency mechanism for ensuring coherent implementation among Member States and of the explicit legal recognition of Binding Corporate Rules (BCRs)
- (2) However, the current proposal contains several clauses that are difficult to implement and that increase administrative burden for businesses. The European Commission is requested to discuss with global businesses a practical implementation ensuring innovation and privacy protection and that will finally create benefit for consumers in Europe. Further clarification is required for the definition of personal data, modality of consent, data portability, right to be forgotten, data breach notification procedure and sanctions. Introduction of penalty amounts to the maximum 2% of company's worldwide turnover is excessive comparing the gravity of breach. Further simplification of BCRs should also be considered.
- (3) The Government of Japan is reviewing its Personal Data Protection law in its Consumer Commission. The two authorities should consult closely with each other so that the international data transfer regime between the EU and Japan should become streamlined so as to develop a better environment for businesses. Both Authorities should then launch the adequacy finding procedure to enable data transfer from the EU to Japan as soon as feasible.

- (4) Both Authorities should review regulations prohibiting applications from using cloud computing. When reviewing regulations, proper utilization of big data should be considered.
- (5) The EU and Japanese Authorities should begin a cloud computing dialogue to harmonise regulations on cloud computing and thereby facilitate cross border transactions and international data transfers within the EU and between the EU and Japan while enhancing the balance of privacy, information security against cyber-attack, data protection and the free flow of information.

Some progress has been seen for this recommendation

< Background >

*The European Commission proposed General Data Protection Regulation on 25<sup>th</sup> of Jan, 2012. This is a fundamental reform of EU data protection framework after Directive.95/46/EC*

#### **WP-C / # 08 / EJ to EJ    ITA expansion**

The BRT recommends that both Authorities ensure that the current ITA is reviewed at the earliest opportunity and that additional electronic goods be granted duty-free status in addition to those that already have that status. The broadest possible expansion (including large portions of Chapters 84, 85 and 90) of the scope is needed so that current and future innovative technological developments should not cause product classification uncertainties.

- (1) The EU should complete its implementation of the WTO panel in the ITA dispute without further delay to avoid new convergence technology of ITA products being reclassified as dutiable.
- (2) The geographical coverage of the ITA should be expanded by encouraging more countries to join the ITA. Membership should be promoted as a means of boosting efficiency and productivity, improving the investment climate, helping bridge the digital divide and enabling the move to a more energy-efficient and climate-friendly society.
- (3) Effective mechanisms (such as fora for industry to explain state of the art technology to government) are needed to ensure the ITA is kept up to date and reflects technological developments.

< Background >

*By extending duty-free status based on the ITA, Japan and Europe will benefit from the development of a major industrial sector that is a driver of productivity, innovation, job creation, improved competitiveness and service quality in virtually all other sectors and in public services.*



*An ITA expansion would boost trade in the whole electronics sector, remove uncertainties relating to product classification and would ensure technological developments in the sector are more likely to be reflected as newly-developed products are more likely to fall in these chapters. Many non-participants still levy high duties on, and impose many NTBs against, imports of IT products. The removal and prevention of NTBs is of the utmost importance to the Japanese and European electronics industries. Positive developments through the extension of product scope and additional participants in the ITA would be compromised if NTBs were not properly addressed. NTBs undermine level playing fields in current and future ITA states. NTBs often increase after the abolition of duties and taxes.*

*APEC leaders agreed in the 19th APEC Economic Leaders' Meeting on 12-13 November 2011 in Honolulu, Hawaii, USA that APEC would play a leadership role in launching negotiations to expand the product coverage and membership of the ITA, in order to build on the contribution this Agreement has made to promoting trade and investment and driving innovation in APEC economies.*

#### **WP-C / # 9 / EJ to EJ      Balancing of trade facilitation and security**

The BRT recommends that both Authorities should cooperate and lead the international harmonisation of rules and operations to achieve efficient public and private sector operations, balance trade facilitation and the assurance of safety and security. Both Authorities should drive aggressively an initiative to remove barriers to realising a balance between trade facilitation and the ensure security. In particular:

Security regulations that have been tightened despite the existence of the MRA on AEOs should be examined and considered for deregulation. (e.g. In case of trade transaction between AEO program certified companies, several security requirement will be relaxed.)

##### **< Background >**

Multinational companies with a global supply chain implement activities to achieve both trade facilitation and ensure security. Although in June 2010, the EU and Japan signed an MRA on AEOs, from 2011 EU and Japanese companies will face an additional burden due to the implementation of 24-hours advanced notice of ENS rules.

#### **WP-C / # 10 / EJ to EJ      Harmonization between the EU and Japan for M2M communication and ITS**

Both Authorities should cooperate and lead the international harmonisation of M2M (Machine-to-Machine) communication and ITS (Intelligence Transport Systems) including standardization for technical specifications.



<Background>

The world is already highly connected and it is about to get even more so: today, there are about six billion mobile subscriptions worldwide. As devices of all kinds become connected, there will be more mobile subscriptions than human population on the planet. It is expected that the number of connected devices increases with a factor of 10 over the coming decade.

Solutions for connected devices have been available for many years, but now we are entering a new phase of rapid growth in M2M services and consumer-device connectivity. Cost of connected devices is decreasing and value of connectivity is rising for individuals, businesses and society in general.

M2M connectivity offers an increasingly attractive way of adding value, improving productivity and reducing cost from a wide range of industrial and business processes, such as in the areas of Smart City, Smart Grid, e-Health and so forth. ITS stands for Intelligent Transport Systems and is the integration of information and communications technologies (ICT) with transport infrastructure, vehicles and users. The overall purpose of ITS is to improve safety & security, increase efficiency and reduce environmental impact of the transport systems. Mobile network technologies are major enablers for critical ITS applications, building on an attractive economy of scale and speed of deployment.

**WP-C / # 11 / EJ to E Fundamental Reform of the Private Copying Levy System (Compensation System for Private Copying)**

- (1) The EU and Japan should cooperate / have a dialogue to reform fundamentally the private copying levy system and thereby promote the lawful use of licensed digital content.
- (2) Any review for reform should consider, in a comprehensive manner, alternative methods – including new content distribution practices – available to secure compensation for rights' holders and creators from private copying as well as the development of licensed cloud-based content streaming models. Increasing the availability of lawful digital content will require a reform of the existing copyright regime in the EU as well as in Japan. The aim of the reform should be to; promote open and competitive markets in licensed digital content, with the aim to increase availability of more legitimate digital content, at prices which appeal to consumers and hereby promote innovation and growth of digital creative market. The goal should be to enable the establishment of a system which is transparent, fair and equitable to consumers, rights' holders, service and equipment providers, etc.
- (3) The EU and Member-State Authorities should ensure that reform of the private copying levy system remains a priority issue for the wider copyright debate on the European digital economy agenda. EU-level action is required if transparency and legal certainty is to be achieved.



< Background >

Current compensation is based on private copying levies and, in the EU at least, dates back to the analogue era. Private copying levies compensate for revenue loss caused by private copying but do not address piracy. With current, emerging and expanding business models (such as online content distribution (using DRM and/or) based on contracts with individual users), private copying levies may impose double payments for consumers. Moreover, the rules of the current levy system vary enormously across Europe – there is no benchmark for determining which products are subject to levies or what amount to charge. The ECJ ruling in C-467/08 (*Padawan v SGAE*) and C-462/09 (*Stichting de Thuiskopie v Opus GmbH*) also make a reform of the system justifiable.

**WP-C / # 12 / EJ to E      Applying reduced VAT rate to e-Books**

To end the unnecessary discrimination between e-Books and paper books, the BRT recommends e-Books should also be liable for the reduced VAT rate applied in the EU to “culturally-worthy” items and the rate charged should not exceed the rate applied to printed publications.

< Background >

The BRT strongly supports a reduced taxation rate on “culture.” In the EU, the long-standing application of a reduced VAT rate on culturally-worthy products has helped spread fine culture widely and rapidly at lower prices, and has contributed to the development of rich culture and improvement of the quality of life.

e-Books are currently liable for the standard rate of VAT in the EU. Thanks to their lower price, availability of contents, possibility of searching and their saving of resources e-Books offer even better access to fine culture than printed books.

The principles under which the EU VAT regime operates seek to avoid discrimination and to ensure neutrality. The current discrepancy therefore offends the basic principles of the tax.

Recent developments in the EU mean that from 1 January 2012 two Member States (France: 7%; and Luxembourg 3%) have decided to apply the reduced rate to e-books in line with our recommendation. It is expected that both Member States will face a challenge from the European Commission (which polices application of EU rules by Member States).

Furthermore, literature, particularly books promote the culture of each country and region itself. The BRT always respects each country, and each region’s culture. To protect and promote culture, the BRT recommends retention of the fixed book price policy. By doing so, small to medium sized publishers will be protected from extreme fierce price competition which music industry suffered heavily from the actions of one dominant player.



## INNOVATION IN GENERAL

### WP-C / # 13 / EJ to EJ Enhanced Cooperation between the EU and Japan on 21<sup>st</sup> Century societal challenges

- (1) The BRT recommends that both sides' Authorities support flagship demo projects and innovative solutions to common societal challenges through deregulation, easing of investment, notably for SMEs, and inviting expertise from EU and Japanese industry.
- (2) The BRT recommends further enhancement of joint R&D projects between the EU and Japan. Work towards international standardisation should gain particular attention for such projects.
- (3) . The EU, Member-States and Japan should continuously allocate strategic budgets to innovation investment particularly on education in science, technology, engineering and mathematics fields, and on developing competent human resources in S&T, as well as to R&D Infrastructures in national laboratories and universities. Strong ties with business should leverage this investment.
- (4) Tax credits for R&D should be expanded to encourage private sector investment in R&D.

Significant progress is made for this recommendation.

In the joint press statement of the EU-Japan Summit Meeting in Brussels on 28 May, 2011 confirmed that the EU and Japan will deepen and broaden the scope of their cooperation, taking advantage of the S&T agreement. First EU-Japan Joint Committee on Scientific and Technological Cooperation held in June 2011.

#### *< Background >*

*The EU and Japan share common societal challenges such as aging population, climate changes, resources constraints etc. Innovation is a key engine for maintaining competitiveness and sustainable long term growth.*

*Although the level of research in Japan and Europe is generally high, improvements as to how Japan and the EU can leverage research and innovation commercially are possible.*

*The EU commission proposed 80 billion investment packages (Horizon 2020) in research and innovation. 31.7billion is allocated for six key themes namely Health, demographic changes and well-being; Food security, sustainable agriculture, marine and maritime research and the bio-economy; Secure, clean and efficient energy; Smart, green and integrated transport; Climate action, resource efficiency and raw materials and inclusive, innovative and secure societies,*

*Under the FP7 programme, a 7 Billion Euro funding package was introduced in July, 2011*

*The Enterprise Europe Network assists companies in Japan and the European Union, through the EU-Japan Centre for Industrial Cooperation's offices in Tokyo and in Brussels, in finding partners for innovation in the host country.*

The Government of Japan released its 4th Science and Technology Basic Plan in August, 2011, focusing on recovery & revitalization from disasters, green innovation, life innovation, and system reform for science, technology and innovation promotion

**WP-C / # 14 / EJ to EJ Business cooperation between EU and Japanese clusters**

Strengthen business cooperation between EU and Japanese clusters. Specifically:

- (1) The Authorities of the EU and Japan should support the EU-Japan Centre for Industrial Cooperation and the European Cluster Collaboration Platform to further advance their cluster cooperation agenda.
- (2) A more strategic use of clusters should be made to support SME internationalization and global competitiveness, especially in emerging industries where cluster cooperation would have a strong impact.
- (3) The Authorities of the EU and Japan should intensify cooperation between EU and Japanese clusters by giving a stronger focus to concrete actions. In particular, both authorities should support and facilitate the organization of matchmaking events between EU and Japanese clusters in strategic areas of mutual interest.

The BRT made this Recommendation more specific this year compared to last year. It is given increasing and promising attention by Authorities from both sides.

*< Background >*

*Clusters create a fertile business environment at local level fostering innovation, increasing productivity, enhancing cooperation between academia and industry, and facilitating internationalisation of SMEs. Japan and EU countries have many clusters, some of them world-class, innovation-driven and competitive in global markets, and open to international cooperation. There is an increasing business interest and scope from both sides to strengthen cooperation between clusters.*

*To facilitate and have a more institutionalised and sustainable approach, a MoU has been signed between the European Cluster Collaboration Platform and the EU-Japan Centre located in Tokyo and Brussels. Thanks to this MoU, Japanese clusters will be able to use this platform to identify partners in EU countries (and vice versa), explore opportunities with them, develop visiting schemes for their companies and start developing joint R&I projects.*



## **INNOVATION IN AERONAUTICS, SPACE AND DEFENCE**

### **Aeronautics**

#### **WP-C/ #15/ EJ to EJ Government-Led Industrial Cooperation in Aeronautics**

The Authorities of Japan and the EU should significantly upgrade the scale of EU-Japan industrial cooperation in aeronautics, stimulated by government funding.

As shown in the GOJ's Progress Report, recent years have seen real progress in Research & Technology cooperation. The programmes involved, however, remain far below EU-Japan potential. Full-scale industrial cooperation remains scarce.

#### **<Background>**

*Europe's aeronautics industry has long been a major supplier to the world market. Japan also has many advanced technologies. Both are now challenged by new entrants. In this context, joint technology and project development are necessary for both sides' companies to maintain technological leadership and competitiveness. It is also a necessity for governments faced with severe budgetary constraints. Europe-Japan industrial cooperation already exists in helicopters and aeroengines but the potential is much greater. More government-led cooperation between Japanese and EU industries would result in many gains for both sides.*

*In the civil airliner area, EU-Japan industrial cooperation has stagnated since the early 2000s, when 21 Japanese suppliers joined the A380 programme. Japan lost many opportunities of working with European industry in aerostructures. The situation is better for Japanese participation in engine programmes and as suppliers of carbon fibre materials. The aerospace industries of other countries have evolved significantly in recent years, both in skills and capacity, and price competitiveness has become a key decision criterion. The strength of both the Euro and the Yen against the US\$ plays against cooperation between Europe and Japan. A possible strategy for Japan is to develop supply chains in the region in order to enhance the prospects for competitiveness and further cooperation with Europe.*

#### **WP-C / #16 / EJ to EJ Environmental Issues in Aeronautics Technology**

The Authorities of Japan and Europe should establish broad bilateral cooperation on environmental issues.

We do not see much recent progress. A small Japanese participation in initiatives under the EU Commission's Framework Programme budget, however, is a first but potentially important collaboration.

#### **<Background>**

Europe and Japan support mostly separate research programmes on environmental issues, from noise to emissions. One joint effort is a British-Japanese cooperation on the Trent family of wide-body engines. Japanese involvement is slowly growing as



new models are being added. Another effort is part of a small French-Japanese programme on high speed aeronautics technologies. We believe that the eco-technology at all aircraft speeds is one of the fields where further cooperation between Europe and Japan could yield significant cooperation and business opportunities.

#### **WP-C / # 17 / EJ to EJ Cooperation in aircraft certification**

Cooperation between Japanese and European aircraft certification authorities should be upgraded. Specifically, EU-Japan cooperation should be upgraded at the level of a full bilateral agreement. The use of English for all relevant documents should be permitted.

In July 2011 the Ministry of Land, Infrastructure, Transport and Tourism and the European Commission have agreed to launch preliminary discussions towards a bilateral aviation safety agreement.

##### **<Background>**

There is a bilateral agreement between US and Japanese civil aviation authorities that facilitates the mutual acceptance of the other party's certification basis, while there is only a working arrangement between Europe (EASA) and Japan (JCAB) that proves extremely difficult to work with. Validation by JCAB of European Type certified aircraft is a very lengthy process. In particular, validation of EASA-certified new optional equipments for helicopters whose Type Certificates are already validated by JCAB should be almost automatic, but instead the Japanese authority requires a review of all the technical documentation before approval. This is often the cause of delivery delays of the products to Japan and may at times preclude European manufacturers from fairly competing in public tenders, due to stringent delivery requirements. Moreover, Japan is probably the only country in the world where the Rotorcraft Flight Manuals must be translated into the local language and approved by the local authority, again representing an obstacle to helicopter imports.

Recently, Japanese civil aviation certification resources have been drained by a local development project (i.e. MRJ) at the expense of imported products leading to significant delays (and costs) in airworthiness clearance for European products.

#### **WP-C / # 18 / EJ to EJ Cooperation on navigation regulations for helicopters**

Establish an increased level and better cooperation between Europe and Japan on the development of low altitude IFR routes and satellite based navigation regulations for helicopters.

This is a new Recommendation.

##### **< Background >**

*The US, Europe and Japan are working on developing their own regulations and*



*infrastructure without an adequate level of exchange of information and standardisation. European and Japanese territories have more similarities than each has with the US, so that Europe and Japan should work more closely and with a shared approach. Many European helicopters are already equipped with the hardware to interface with ground based infrastructure already established to allow low altitude IFR routes and satellite based navigation, but that may prove useless if there is no cross recognition of standards and regulations (software) between the countries.*

## **Space**

### **WP-C / # 19 / EJ to EJ Government-Led Industrial Cooperation in Space**

The Authorities of Japan and the EU should significantly upgrade the scale of EU-Japan industrial cooperation in space, stimulated by government funding.

Constructive work continues between METI and the European Commission, although the scope of cooperation is still very limited. Japanese companies have been involved in a small European Commission Framework Programme Call.

#### **<Background>**

*Europe's and Japan's space industries have been major suppliers to the world market: European companies with systems and subsystems, and Japan companies with components and the ground segment. Joint technology and project development are necessary for both sides' companies to maintain technological leadership and competitiveness. It is also necessary for governments faced with severe budgetary constraints. Europe-Japan cooperation already exists in some technology areas but the potential is much greater. More government-led cooperation between Japanese and EU industries would result in many gains for both sides.*

### **WP-C / # 20 / EJ to EJ Civil Purpose Satellite Technology**

In the civil satellite technology field, Japanese space Authorities (at Cabinet level) and European space Authorities (EU Commission, European Space Agency, and Europe's national space agencies) should establish a common mechanism for a formal and permanent dialogue with the purpose of identifying further mutually beneficial subjects of cooperation. Of particular interest to both the EU and Japanese industries are advanced broadband and mobile communications services that would be applicable, among other cases, to the rescue of populations hit by a natural disaster.

There has been no progress on this issue. We welcome the GOJ's intention to consider this Recommendation internally and consult with European space Authorities.

#### **<Background>**

*Europe and Japan have many complementarities in satellite technology and similar*



*needs in terms of space telecommunications, broadcasting and observation. Note that discussions and cooperation on advanced technologies are also useful to promote common EU-Japan standards and thus benefit both sides' industries.*

#### **WP-C / #21 / EJ to EJ Mutual Backup of Government Satellite Launches**

Japanese and EU Authorities should bring about a mutual backup cooperation scheme of all government launches using their respective satellite launcher fleets.

There has been no progress on this issue. The commercial arrangement between Mitsubishi Heavy Industries, Ltd. and Arianespace can be used in theory but is inadequate by itself in the case of government programs.

##### **<Background>**

*Europe's satellite launcher Ariane 5 and Japan's H-IIA are used in an arrangement to back up each other's satellite launches on a commercial basis. This reduces the risk of long launch delays due to launcher technical problems. Years of discussions between Japan's MEXT and the European Space Agency towards a similar back-up arrangement for government launch missions have not produced results.*

#### **WP-C / # 22 / EJ to EJ Cooperation on Satellite Navigation Systems**

EU and Japan Authorities should establish a close cooperation between Galileo and the Quasi-Zenith Satellite System. This should include frequency management, handset technology (receiver chips) development, and cooperation in GNSS meetings to set up service standards. Furthermore, the EU and Japan should develop cooperation on GNSS downstream applications.

This is a new Recommendation.

##### **<Background>**

*The EU's Galileo and Japan's Quasi-Zenith Satellite System will soon become reality. Augmentation and various commercial services are among many mutually beneficial applications that require extensive mutual information between EU and Japanese Authorities and their encouragement and facilitation of industrial cooperation. Cooperation in frequency management is required because unlike GPS, both Japan and Europe operate multiple frequencies for different services. Other important questions include anti-jamming technology development and receiver chip technology development (important for economies of scale).*

#### **WP-C / # 23 / EJ to EJ Cooperation on Active Space Debris Removal**

EU and Japan Authorities should lead a global effort to remove space debris from low and geostationary Earth orbits. Near-term bilateral cooperation should include



defining debris removal standards (or code) and developing debris removal technologies.

This is a new Recommendation.

<Background>

*Space debris are a serious threat to today's commercial utilisation of space. Because of their peaceful policies, Japan and the EU are best positioned to define debris removal standards (or code) then lead and help police a global effort to remove debris from low and geostationary Earth orbits. Japan's and Europe's Space Situational Awareness programmes and the EU Commission's draft Code of Conduct for Outer Space Activities can serve as a basis and starting point towards that effort.*

### **Defence**

#### **WP-C/ #24/ EJ to EJ Defence Purpose Satellite Technology and Services**

The BRT recommends that the Authorities of Japan and EU Member States should establish a regular dialogue aimed at sharing experience on defence purpose satellites. This should also include dialogue on the delivery of secure communications services (as PFI is evolving as a growing subject in the new economic environment).

<Background>

*In the defence field as well, European satellite manufacturers have developed considerable and universally recognised know-how and experience. Some EU countries have also developed specific expertise and know-how in the structuring of PFI for secure satellite communications.*

*Europe has a long history of international cooperation in the space field and has significant capability to accommodate Japanese needs and information sharing requests.*

*The establishment of mechanisms for exchange of classified information is required to enable this know-how and experience could be shared with Japanese manufacturers. These mechanisms will open the door for a regular dialogue between the Authorities of Japan, EU Member States and their respective industries.*

#### **WP-C/ #25/ EJ to EJ Exchange and Protection of Classified Information**

Japan and European countries should make official agreements for government and industry to exchange and protect classified information pertaining to promotion of products and to joint development.

<Background>

*European and Japanese defence industries have many complementarities and could,*

*if they were allowed to fully cooperate, jointly develop high performance and cost-efficient products and technologies that are necessary to the forces of both sides. This is made almost impossible as European and Japanese companies cannot directly exchange classified information on the products or technologies*

*European Governments and defence companies provide classified and/or commercially sensitive information during product promotion and development/production. The same may also occur when a relaxation to the Three Principles on Arms Exports is in place which would enable the Japanese Government and Japanese defence companies to co-develop with European industries and/or to promote products to Europe. Such classified/sensitive information must be adequately protected.*

*A positive step was made in October 2011 when a bilateral agreement covering the exchange and protection of classified information was signed by the French and Japanese authorities*

#### **WP-C/ #26/ EJ to J Relaxation of the Three Principles on Arms Exports**

The announcement of a relaxation to the Three Principles on Arms Exports is warmly welcomed.

The announcement on 27th December 2011 should be underlined by a set of clear guidelines, rather than one off exceptions for specific purposes. These guidelines should be gradually put in place during 2012.

The guidelines should provide Europe with equal opportunities to those provided to the US.

##### **<Background>**

*An announcement was made by the Japanese Government Cabinet Office on 27th December 2011 regarding Guidelines for Overseas Transfer of Defense Equipment etc. – i.e. a relaxation to the 3 Three Principles on Arms Exports.*

#### **WP-C / # 27/ EJ to J Facilitation of Re-export of Defence Equipment Imported for Demonstration Purposes**

Japanese Authorities should implement simple procedures to facilitate re-export of defence equipment imported for the purposes of demonstrations at forums such as trade fairs and exhibitions.

##### **<Background>**

*Defence export regulations make it difficult for foreign firms to re-export defence equipment they import for the purposes of demonstrations at trade fairs, exhibitions and other forums. This severely constrains their ability to market their products. Special re-export arrangements for defence equipment imported into Japan for these purposes would give Japanese procurement agencies a better understanding of the full range of options available.*



## Recommendations from only European Industry

### ICT

#### **WP-C / # 28 / E to J      Expanding the scope of “Self-verification of conformity” procedure on telecommunication equipment**

Japanese government should consider expanding the scope of “Self-verification of conformity” procedure, including radio base stations for cellular networks, WLAN equipment and so on.

#### <Background>

*The “Self-verification of conformity” process allows a manufacturer to take own responsibility for verifying whether its telecom products meet the relevant technical requirements, and then to introduce them to the Japanese market. However the scope is limited and excludes radio base stations for cellular networks, WLAN equipment etc.*

### **INNOVATION IN AERONAUTICS, SPACE AND DEFENCE**

#### **Aeronautics**

#### **WP-C / # 29 / E to EJ      Level Playing Field in Civil Aeronautics Markets**

The Authorities of Japan and Europe should encourage competition and facilitate the entry of each other's aircraft on their respective domestic markets on the basis of reciprocity. Airlines and other major customers should be encouraged to diversify their sources of supply. Cooperation in aeronautics should not be biased towards US industry, but should be significantly increased between the EU and Japan.

As far as we are aware, there is no change concerning this matter.

#### <Background>

*Europe's wide-body civil airliners have not made significant inroads in Japan, and Japan's business aircraft have not made significant inroads in the EU. Customers' procurement decisions are best when made on a competitive basis, free from irrelevant influence. Unbiased cooperation will help avoid more undue influence on the procurement decisions of commercial airlines. Diversification of supply sources will benefit customers, shareholders, taxpayers and the general public.*

#### **WP-C / # 30 / E to J      Weight Restrictions on Haneda Airport D Runway**

Haneda D runway weight restrictions are an obstacle to the use of European-made aeroplanes and an obstacle to further development of international traffic at Haneda. These weight restrictions should be re-examined in view of allowing the operations of new and larger airplanes such as Airbus made A380 and A350. Results of a simple verification made clear the fact that, taking into consideration the structural leeway in the materials of the D runway, it is possible that the runway would be able to hold up under the operation of the A380 aircraft with its maximum takeoff weight. Additionally, for the newest mid-size A350 aircraft, it is thought that operation could be possible with the re-verification of the withstand load with regards to part of the construction.

This is a new Recommendation.

<Background>

With the purpose of expanding airport capacity in response to the increase in air travel demand as well as to reduce congestion, a fourth runway (D runway) and an international terminal were opened in Haneda in October 2010. So far focusing on flights to and from Asian countries, its use for long-haul international routes will increase in the future. The number of flights will grow together with the demand but will be limited in the end by the capacity in terms of slots. In this regard, the use of new and larger aircraft will be an important part of the airlines' strategies. Under such circumstances, aircraft weight restrictions on the D runway could impede the conversion of Haneda Airport to larger and newer aircraft. In order to avoid disturbing the flow of the Tama River, the D runway was overhauled using a pier-like structure instead of a conventional landfill. Due to this, weight restrictions have been placed upon the aircraft in use, and with the entire lineup of Airbus' newest A380 and A350 series exceeding the weight limit, these aircraft could no longer be used as they currently are (cf. chart below).

Unit: tons	Weight limit	A380	A350-1000	A350-900	B747-400	B777-200ER
Total weight	400	<b>571</b>	298.9	268.9	396.0	286.9
Ballast weight	139.5	<b>161.6</b>	<b>140.8</b>	126.0	92.8	134.9
Wheel load	26.2	<b>26.9</b>	23.5	<b>31.5</b>	23.2	22.5



### **WP-C / # 31 / E to J Bidding process in public tenders for helicopters**

<Recommendation>

- (1) Evaluation system: More balanced competition should be ensured by comprehensive evaluation systems which also take aircraft performance into account.
- (2) Single year budget procurement constraints should be relaxed.

This is a new Recommendation.

<Background>

- a. *Although cheaper is not necessarily better, almost all Japanese government tenders still have an evaluation system merely based on price competition.*
- b. *Procurement by some governmental agencies (such as fire fighting and disaster relief) is still tied to this constraint. In some cases the time between the bid award and the requested delivery is less than six months, which is much too short for helicopter manufacturing, considering also the hurdles of local certification upon import. This condition has been relaxed in the past few years (for police procurement for instance).*

### **Space**

#### **WP-C / # 32 / E to J Approval of Satellite Launch Service Providers**

The approval by Japanese Authorities of foreign launch service providers through the envisioned approval system of Japanese commercial satellite launch projects should be fair and consistent with commercial world practice as recognised and formalised by the French Space Operations Act of June 2008 and associated by-laws.

The GOJ has been considering possible legislation. We have no recent information.

<Background>

*Japanese Authorities contemplate Space Operations legislation that would require Japanese users of satellite launch services to obtain an official approval before they contract for launch, and that would also require them to only use reliable launch service providers approved by Japanese Authorities. We have no issue with such legislation if it cannot be used to make competition in Japan difficult for EU launch service providers.*

#### **WP-C / # 33 / E to J Legitimate use of Private Finance Initiative projects**

The Authorities should explicitly ban their own use of Private Finance Initiative (PFI) projects to protect local satellite makers and launch service providers.

There has been no progress on this issue.

<Background>

*Using PFI is a legitimate way for a government agency to procure space-based services in a budget-efficient manner. Authorising domestic candidate companies to include their own commercial payloads (so-called hosted commercial payloads) in the satellites that they will procure to provide the services is also legitimate. But barring foreign suppliers from bidding for the satellite and the launch service on the grounds that the government procures a government-only space-based service is not legitimate because the presence of the hosted commercial payload makes it a commercial satellite. If this practice is not explicitly banned, much of the commercial satellite and launch services markets may vanish piecemeal into supposedly government programmes. (Note: We do not dispute the practice of launching purely government satellites by a local government launcher.)*

**WP-C / # 34 / E to J Opening the market for space ground equipment**

Procurement of integrated systems should be encouraged.

We have no recent information regarding this matter.

<Background>

*Japan's international procurement of space ground equipment is often broken up in small lots tailored for Japanese companies. Integrated systems have better cost performance and are more reliable.*

**Defence**

**WP-C / # 35 / E to EJ Internationally recognized procurement processes for defence equipment and services**

The following should be applied to all defence procurement processes. (1) Clear statements of requirements, communication of any changes (2) Advising of timelines and adherence to them (3) Notice of evaluation criteria and the weightings given each criterion (4) Acceptance of English-language documentation (5) Application of NATO standards (6) Full public disclosure of the basis of awards (7) Opportunities to appeal award decisions, without the requirement to withdraw from the competition.

The Japanese MOD should perform the selection of the equipment independently from the existence of local manufacturing capabilities.

If a foreign company is selected, then the Japan MOD should separately select the local industrial partner based on a licenced production and modification package made available by the selected foreign company.

<Background>

*Certain reforms have already taken place in defence procurement processes. Further reforms would strengthen transparency and competition.*



**WP-C/ #36 / E to EJ Greater emphasis on life cycle life costs in awarding contracts**

The BRT recommends that Life Cycle Costs should form the basis of all relevant defence contract awards.

<Background>

*The BRT welcome the greater emphasis placed to date on Life Cycle Costs by Japan in its defence procurement. Budgeting based on life cycle costs allows governments to better plan their defence expenditure. It also creates fairer competition between bidders for contracts as it demands fuller disclosure of cost information. EU companies have great experience in modeling and predicting Life Cycle Costs and are confident about their predictions. This is the normal way of doing things in the civil aviation world.*

**WP-C / #37 / E to J Removal of unlimited liability for public tenders**

Unlimited liability should be removed from the terms and conditions of public tenders, as this puts foreign bidders at a considerable disadvantage in relation to local contenders.

<Background>

*The Japanese government currently requires companies bidding for public tenders to offer unlimited liability as part of their bid. This requirement is not found in other markets. Moreover, there are other options open to the Japanese government to address its liability concerns.*

**WP-C/ # 38/ E to J Examination of innovative procurement approaches for defence equipment**

The costs of development of new defence equipments are increasing and at a time when defence budgets in many countries are being reduced. There are examples today of these costs being shared among allied nations. Europe has established some original cooperation schemes and organizations – on the nations side (joint procurement agency) and on the industry side (joint venture companies)

Japan is invited to join Europe in co-operation schemes for defence technology development and manufacture where such equipments will benefit both the defence of Japan and Europe.

In addition Japan could achieve cost reductions through implementation of innovative procurement practices for logistical support through schemes, such as Performance Based Logistics, Private Finance Initiatives, Commercial off-the-shelf ("COTS") solutions and leasing.

<Background>

*Japan could achieve cost reductions through implementation of innovative procurement practices, such as Performance Based Logistics, Private Finance Initiatives, Commercial off-the-shelf ("COTS") solutions and leasing schemes.*