

EU-Japan Business Dialogue Round Table
Tokyo Meeting 7, 8, 9 July 2002
Press Release

**Call for Government Action to Promote Foreign Trade and Investment,
while Reforming and Restructuring Domestic Markets**

**EU-Japan CEOs stress the need for close cooperation in broadband technology and
the multimedia sector to develop our future economy.**

Tokyo, 9 July 2002 - Business leaders from Europe and Japan, attending the EU-Japan Business Dialogue Round Table (EJBDRT) in Tokyo from 7 to 9 July, have called on their authorities to favour economic growth through the promotion of mutual investment and trade, and to intensify a partnership for new growth between the EU and Japan.

The EJBDRT, comprising over 40 leading business figures from major European and Japanese corporations, led by Co-chairmen Viscount Etienne Davignon (Société Générale de Belgique) and Dr. Tadahiro Sekimoto (NEC Corporation), made the call in its Joint Recommendations "A New Stage of EU-Japan Business: Promoting Foreign Trade and Investment while Reforming and Restructuring Domestic Markets". This was presented to the Prime Minister of Japan, Junichiro Koizumi; the President of the European Council, Anders Fogh Rasmussen; and the President of the European Commission, Romano Prodi, during the EU-Japan Summit in Tokyo on 8 July.

In order to contribute to the Action Plan for EU-Japan Cooperation, the EJBDRT proposes to identify relevant points for the successful implementation of the Action Plan.

The Recommendations, which overall are designed to strengthen the EU-Japan business relationship, stress the importance of opening markets and increasing foreign investments further. The EU and Japan are facing a new stage and should aim for a growth cycle, in which reforms in domestic markets promote further trade and foreign investment.

The Recommendations include cross-cutting issues that are of interest to all industries as well as sectoral issues identified as the most urgent ones to boost economic activities between the two regions. The Recommendations call for four major measures.

Firstly, the EJDRT recommends improvement of the business environment between the EU and Japan. Our target is to create conditions enabling optimisation of the distribution of manageable resources such as goods, money, labour and information. The Round Table stresses the urgency to set up a policy environment favourable to the provision of innovative media-rich services on various telecommunications broadband networks and the need for a technology environment based on openness and interoperability.

A second recommendation is to improve the business environment in Japan. Regulatory reform is needed to strengthen transparency, achieve further deregulation, and improve the product approval process. In addition, legal and tax reforms are required to promote corporate activity and facilitate further investment. The Round Table stressed the necessity of the elimination of the 2% surcharge on consolidated taxation. The European side stressed the importance of allowing the freedom of association between Japanese and foreign lawyers, and allowing share-for-share transfers involving non-Japanese corporations.

A third recommendation is to improve the business environment in the EU. To facilitate EU-wide business development, rules and regulations should be further harmonised: to implement smoothly the European Company Statute and to introduce an EU-wide consolidated tax system.

The last recommendation concerns the establishment of international rules. We welcome the development of International Accounting Standards (IAS) and urge that careful examination of these standards be continued in such a way as to make them truly useful internationally. Concerning tariffs, the Japanese side stressed the importance of resolving the pending issues in the coming World Customs Organization meeting, including Digital Multi-Function Products.

There was a discussion on the necessity for independent regulatory agencies. The European side underlines that the establishment of independent regulatory agencies has contributed to the liberalisation of telecommunications and promotion of competition. The Japanese side recognises that what is more important is how to substantially achieve consumer benefit, promotion of competition and deregulation, which is steadily performed now.

Round Table participants also exchanged views on the EU and Japanese economies and their relationships, including reforms in Japan and trends for the euro. They also examined possible cooperation in biotechnology, the evolution of competitiveness

and innovation in the EU and Japan, and issues related to corporate governance. In addition to its Recommendations, the EJDRT also issued a Policy Statement calling for a broad and ambitious new Round of the World Trade Organization (WTO).

Also attending were Takeo Hiranuma, Minister for Economy, Trade and Industry; Shigeo Uetake, Senior Vice-Minister for Foreign Affairs; Keiji Furuya, Senior Vice-Minister for Economy, Trade and Industry; Yoshio Tukio, Vice-Minister in the Ministry of Public Management; Erkki Liikanen, European Union Commissioner for Enterprise & Information Society and Pascal Lamy, European Union Commissioner for Trade. The Japanese Government and the European Commission expressed their strong support for the Round Table as a body for effective private sector input into policies to promote trade and investment.

Dr. Sekimoto acted for the last time as Co-Chairman of the Round Table: all participants wished to warmly praise his role as one of the founders of the EJDRT and his invaluable contribution in creating a spirit of free dialogue, which allowed the Round Table to fully contribute to the very positive evolution of relations between Japan and the EU, and to the mutual understanding between the business leaders.

Mr. Yotaro Kobayashi, Chairman of the Board, Fuji Xerox Corporation, will take over as Co-Chairman of the Round Table.

The next meeting of the EJDRT is scheduled for July 2003 and will be held in Brussels.

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