



**EU-Japan Business Round Table**  
Input into the successor to the EU-Japan Action Plan

**Introduction**

**The EU and Japan have fallen off each other's radar**

The EU and Japan represent together 40% of the world GDP, and Japan's economy is still as big as that of China. However, business on both sides is appalled by the increasing lack of importance accorded to Japan in the EU, and to the EU in Japan. Bilateral political relations are amazingly low-key. Bilateral high-level visits are very rare, despite the economic importance of both partners for each other. The EU has developed association, partnership or cooperation agreements, and/or trade agreements with many of its partners, but not with Japan. Japan on its side is developing very rapidly its relations, including through binding agreements, with its Asian neighbours and the Asia-Pacific region but not with the EU. This results in barriers to trade and investment between the EU and Japan not being addressed at the right level with the right instruments, and not being removed. This also results in the EU and Japan forgetting about each other, not only at the political level but also at the business, academic, research and innovation levels.

**“Reset” the EU-Japan bilateral relations by establishing the right framework**

When looking at the 2001-2011 EU-Japan Action Plan, the EU-Japan Business Round Table is struck by the fact that many of the objectives set were appropriate, are still valid, but were not achieved. We would therefore argue that whereas there is a need to update and supplement the objectives and actions planned ten years ago, priority should be put on the methods that should be adopted to actually deliver on them. Top-level engagement of both authorities is essential in order to set priorities and provide the leadership and political weight necessary to advance an ambitious agenda at a time of persistent protectionist sentiment in certain sectors in both the EU and Japan.

This document lists the priority objectives that the EU-Japan Business Round Table would like public authorities on the EU and Japan sides to include in any successor to the 2001-2011 EU-Japan Action Plan.

**Proposals to strengthen the EU-Japan economic relations**

**from the point of view of the EU-Japan Business Round Table**

**1. Work towards an ambitious expansion of trade and investment between the EU and Japan.**

Political will should be translated into concrete, measurable improvements in the business and trade environment including market access. This requires intensive work on:

- Harmonisation of standards and certification procedures or, when not possible and where appropriate, their mutual acceptance; preference should be given to recognition of international standards;
- competition rules;
- services;
- freer movement of natural persons;
- government procurement;
- custom procedures and trade facilitation;
- investment and M&A;
- intellectual property;
- E-commerce;
- dispute settlement.

Exchanges of information, sector-specific dialogues between authorities and/or businesses, seminars and training programmes for EU and Japanese policy-makers in these areas should be jointly developed. Business strongly believes that concrete and measurable regulatory improvements in all these areas need to be secured in binding agreements.

More specifically, the Business Round Table recommends that both authorities start negotiations on a balanced and mutually beneficial bilateral agreement, as soon as the EU and Japanese Authorities agree that the right conditions are met, in order to promote an ambitious expansion of trade and investment between the EU and Japan.

**Concrete actions for the next 3-5 years:**

- Cooperate towards the conclusion of an ambitious, balanced and successful outcome of the WTO Doha Round in 2010, which would strengthen the multilateral trading system, give the necessary answer to any protectionist tendencies and lay the ground for sustainable and powerful growth of the world economy in the 21<sup>st</sup> century. The outcome of the WTO Doha Round shall be implemented properly as agreed.
- Jointly drive global free trade at WTO. Work towards further expansion of the ITA to allow it to address the regulatory measures and standards that are creating today's barriers to equipment trade but also go further to add information technology services as a pillar of the agreement.

- Negotiate to extend the number of sectors and contracting authorities covered in the WTO Plurilateral Agreement on Government Procurement (GPA).
- the Business Round Table recommends that both authorities start negotiations on a balanced and mutually beneficial bilateral agreement, as soon as the EU and Japanese Authorities agree that the right conditions are met, in order to promote an ambitious expansion of trade and investment between the EU and Japan.
- Establish a mechanism to regularly (annually) exchange information on current work and plans for new legislation and regulation, considering changing conditions such as technological progress.
- Address technical regulations, standards and conformity assessment procedures.
- Initiate discussions on an “Open Skies” agreement between the EU and Japan.
- Cooperate to reduce costs of regulatory compliance and speed up procedures so as to not unnecessarily extend the "time-to-market" for European and Japanese products in areas such as medical products and financial products, in order to enable consumers to benefit from the highest quality products and latest technologies without undue delays.
- Negotiate the mutual acceptance of standards and certification procedures in areas such as medical devices, veterinary products etc.
- Promote the international harmonisation of technical standards and certification procedures for automobiles and their components within the framework of the UN-ECE WP29.
- Establish joint guidelines for corporate governance.
- Ensure transparency and a common international understanding of transfer price taxation.
- Protect Intellectual Property Rights (IPR) by strengthening their enforcement dealing with the issue of counterfeit goods.
- Promote pro-competitive standards and policies in the services area including restrictions on excessive government involvement in financial services.

**2. The EU and Japan, as “strategic partners”, should start a discussion on the merits for both sides of the possible negotiation of a broad and binding Agreement to enhance trade and investment.**

Non-binding instruments, such as the Regulatory Reform Dialogue, have not delivered significant improvements during the current 10-Year Action Plan. To efficiently reduce or eliminate the current restrictions to trade and investment, the debate should be brought to the highest political level with the authority to impose decisions on individual European Commission Directorates-General, Member State administrations, and Japanese ministries and agencies.

At the EU-Japan Summit in May 2009, it was agreed that EU and Japan would focus on a few specific non-tariff issues expected to bring concrete outcomes, in a mutually beneficial way in a short period, utilising existing mechanisms and to review progress at the latest at the Summit in 2010. The Round Table recommends that, if it is concluded at the Summit that sufficient progress has been made towards effective solution and implementation of these issues, the EU and Japanese Authorities should discuss with all stakeholders whether a binding trade and investment agreement would be able to deliver where current dialogues have not.

Such discussions should be open-ended without preempting the result. They should include a thorough assessment of the existing cooperation structures and analyse why insufficient progress has been made under the 2001-2011 EU-Japan Action Plan. Moreover, they should take into account work already carried out on this issue, such as the Joint Taskforce Report published by the EU-Japan Business Round Table in 2008. They should cover regulations and regulatory transparency, convergence of standards and certification procedures in line with international standards or, when not possible and where appropriate, their mutual acceptance, trade, government procurement, commercial laws, investment protection, capital and currency markets, cross-border data flows, competition policy, human resources and movement of natural persons, intellectual property, secure trade, and cooperation in areas such as energy, environment, innovation and access to raw materials, etc. They should also examine the impact of the language barriers and differences in consumer behaviour on trade and investment, and whether this impact could be reduced through a binding trade and investment agreement. Moreover, such discussions would have to address the question of potential offensive and defensive interests of the EU and Japan, and provide answers how they would be tackled in a future framework. Finally, they should address the issue of enforcement of any potential outcome. Any agreement should be structured to include a timetable, not only for the implementation of all relevant chapters, but also for the regular achievement of milestones and related evaluations once implementation begins.

<b>Concrete actions for the next 3-5 years:</b>
---

- Properly implement the specific non-tariff issues as identified in paragraph 34 of the joint press statement published at the 2009 EU-Japan Political Summit.

**3. Address the challenges posed by climate change and by the fast-growing demand for energy, raw materials and food that result in harmful supply shortages.**

Address future challenges to European and Japanese societies as well as developing countries resulting from global trends such as climate change and the fast-growing demand

for energy and fresh water, raw materials and food. The goal of the 2001 Action Plan to "strengthen cooperation on Information and Communication Technology (ICT)" through various initiatives has been widely accomplished with both Japan and Europe leading in Broadband and Mobile infrastructure deployments (see EU-Japan Business Round Table Recommendations of 2009, Working Party C). Now is the time to use these infrastructures in confronting climate change as the biggest challenge for industrialised societies. The EU and Japan need to use ICT as a key facilitator for a low-carbon society through, measuring energy use and CO<sub>2</sub> emissions. Also extended use of ICT leads to increased use of energy and thus CO<sub>2</sub> emissions, which requires increased efforts to reduce the carbon footprint of ICT itself. The EU and Japan should cooperate to have emerging and developing countries appropriately involved in combating climate change and mutually complement efforts to contribute to the urgent need for building low-carbon societies. The EU and Japan should take joint initiatives for technical cooperation mechanisms for reducing the greenhouse gas emissions in the developing world under the UNFCCC. The EU and Japan should also provide appropriate intellectual property rights protection and stem the unauthorized outflow of technologies to developing countries. Given the limited resources of raw materials in Europe and Japan, combined with the growing recourse of emerging countries such as China to strategic pricing and acquisition of raw materials (in particular for highly specialised raw materials needed for green technologies, such as rare earths or lithium), the EU and Japan should foster cooperation in pursuing a resolute strategy to keep raw materials markets open and undistorted. In addition, EU and Japan should foster cooperation in R&D to develop resource efficient technologies to reduce the demand of economically critical raw materials and to find alternative solutions for those used in key technologies.

<b>Concrete actions for the next 3-5 years:</b>
---

- Developing energy efficient technology and sharing its benefit worldwide at fast pace is critically important. Technology can provide cost effective solution to the environmental problem. Comprehensive measures including energy production, energy storage, and energy efficiency are necessary to prevent global warming.
- Promote a harmonised system, through influencing and adherence to international standards, for regulating low energy consumption and product labelling in appropriate sectors.
- Exchange ideas and solutions on how to enhance the environment through a sustainable Climate Change Programme.
- Any progress on climate change requires common metrics and measurements on a detailed level, which can be facilitated by proper deployment of ICT. Given the leading role of the EU and Japan in Broadband and Mobile infrastructure deployments, both sides could join forces to take the lead for defining common metrics and facilitate all climate relevant measurements e.g. through Home Gateways for domestic energy and CO<sub>2</sub> emissions' control and Intelligent Transportation Systems (ITS).

- The EU and Japan should raise awareness on access to raw materials, identify actions to be taken in international fora such as the OECD and WTO, and promote a coherent set of rules on access to raw materials in their bilateral and multilateral relations as well as WTO accession negotiations
- Japan and the EU should also promote a level playing field for raw materials through their respective development policies. Improvements in governance should be obtained through specific commitments on natural resources management in Governance Action Plans and strict enforcement of budget support criteria.

**4. Promote concrete cooperation in industrial and research development.**

Joint programmes enhancing EU-Japan research projects on next-generation technologies should be designed in cooperation with European and Japanese academia. Programmes should be designed to promote and intensify the exchange and cooperation of Japanese and European students especially in technical areas.

<b>Concrete actions for the next 3-5 years:</b>
---

- Work towards the international harmonisation of patent laws. Enhanced cooperation among Patent Offices is key in order to avoid unnecessary duplication of work. The EU and Japanese Authorities are urged to consider further improvements to the functioning of the Patent Cooperation Treaty and improvements in the Patent Prosecution Highway Programme, which should be structured in a way that ensures its compatibility with the Patent Cooperation Treaty.
- Develop common standards for new products and technologies.
- Deepen cooperation (Research & Technology and concrete joint programmes) in areas such as aeronautics (e.g. new generation regional aircraft), space (e.g. new materials for aerospace applications), biotechnology, e-health, Green ICT, and supercomputer and in substituting economically critical key raw materials.
- Widen the cooperation mechanism for environmental technology, currently undertaken in the fields of photovoltaic, power storage, and carbon capture and storage (CCS).
- Establish industrial cooperation between Japan's Ministry of Defence and the Defence ministries of EU Member States / the European Defence Agency.
- Promote cooperation and exchanges between Japan and EU clusters.
- Assist companies to find technical partners.
- Promote and intensify exchange programmes of Japanese and European students especially in technical areas. In particular, develop student exchange programmes with a mandatory internship component in European and Japanese industries such as the Vulcanus programmes.

=====