

**Symposium on EU-Japan Relations
Brussels - 09 February 2010
Speech by Jean-Yves Le Gall (Arianespace)**

Excellencies, Ladies and Gentlemen,

I am pleased to address you today and I would like to thank the organisers for having invited me to speak in this session devoted to EU-Japan economic relations.

Together, the EU and Japan account for 40% of world Gross Domestic Product. This underlines why EU-Japan relations are so important and at the same time, why it is not surprising that EU-Japan relations have been dominated by economic factors.

Japan was one of the first trading partners with which European business has established an official dialogue at top executive level. The EU-Japan Industrialists Round Table was created by Viscount Davignon in 1995, and it merged with the EU-Japan Business Forum in 1999 to become what is now the EU-Japan Business Round Table, so called "EJBRT".

The EJBRT includes top executives from European companies in Europe, as well as from European companies established in Japan. It includes individuals coming from a broad range of sectors with different interests. Two horizontal business organisations, Business Europe and the European Business Council in Japan, are also Members of the EJBRT. On the Japanese-side, most major companies are represented, and the dynamism of the Round Table owes much to my counterpart, Mr. OKAMURA.

Our role in advising public authorities in the EU and Japan was recognised in the 2001 EU-Japan Action Plan, and, for the past ten years, we have issued annual recommendations to EU and Japan Authorities. These recommendations are answered in writing, underlining that the EJBRT is an important channel of communications not only between EU and Japanese business, but also between business on one side, and our respective public authorities on the other.

Now, before I address the future, I would like us to look at the past for a few minutes.

1) Looking back at our recommendations in the past years, we can note a number of progresses:

– As we pointed out that one of the main barriers to the development of EU-Japan trade was the lack of engineers and scientists able to work both in a European and in a Japanese work environment. To rectify this, the now very successful Vulcanus programmes have been launched, offering in-company traineeships for young EU and Japanese students.

– After several years of recommendations to that effect, in 2001 the EU and Japan negotiated and finalised Mutual Recognition Agreements in four fields of interest to business: pharmaceuticals, chemicals, telecommunication equipment and electrical equipment.

– The situation for foreign legal services has been liberalised in Japan as we requested, and one of our long-standing recommendations to improve the procedures for Japanese intra-corporate transferees in the EU is being taken into account in new legislative drafts.

However, we must recognise that there is still considerable untapped potential here, and that progress has been slow and globally insufficient. We therefore still need to create a legal environment which is much more favorable to trade and investment.

2) Another point on which I would like to insist is that the EU and Japan have fallen off each other's radar:

The EU is the first economy of the world, and Japan's economy is still as big as that of China. However, business on both sides is appalled by the lack of importance accorded to Japan in the EU, and to the EU in Japan. Bilateral political relations are amazingly low-key, despite the economic importance of both partners for each other. The EU has developed partnership or cooperation 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, with, as a consequence, barriers to trade and investment between the EU and Japan not being addressed at the right level, and not being removed. This 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.

So, I would like to propose to "reset" the EU-Japan bilateral relations by establishing the right framework.

When looking at the 2001-2011 EU-Japan Action Plan, the European members of the Round Table are 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 need to be adopted to actually deliver on them.

We are preparing a set of 6 recommendations on the priority objectives that we would like public authorities on the EU and Japan sides to include in the successor to the 2001-2011 EU-Japan Action Plan, and we intend to issue these recommendations before the next EU-Japan Summit in April.

1) Multilateral trade agreements have been so far the basic framework for EU-Japan trade. They are our best insurance policy against protectionist temptations and they include efficient dispute-settlement procedures. They also ensure fair, non-discriminatory trade rules. We would therefore urge the EU and Japan to work more closely together to throw their weight behind an ambitious and swift DDA agreement at the WTO.

2) We should, however, also be pragmatic and try and resolve our bilateral EU-Japan trade issues as quickly as possible. What matters to European business is that regulatory barriers still impede the development of trade and investment between the EU and Japan and should be removed. And I believe many such barriers could be removed if the public authorities were to follow our Round Table recommendations, in particular opening up further public procurement and Foreign Direct Investment, abiding by international standards in all sectors and facilitating the movement of people.

3) Non-binding instruments, such as the Regulatory Reform Dialogue, have not delivered significant improvements during the current 10-Year Action Plan. At the EU-Japan Summit in May 2009, it was agreed that the EU and Japan would focus on a few specific non-tariff issues expected to bring concrete outcomes and to review progress at the latest at the Summit in 2010. We recommend that the Authorities should study whether a binding trade and investment agreement would be able to deliver where current dialogues have not.

4) Both sides' Authorities should make harmonisation of standards and certification procedures or, when not possible and where appropriate, their mutual acceptance one of the top priorities with the goal of reaching a broad agreement in key industries as determined by wide-ranging business-government consultations, since this would provide significant benefits to EU and Japanese companies in the short term by lowering production and compliance costs.

5) EU and Japanese business want to reinforce their cooperation to address the common challenges we are facing: ageing society, competition from emerging economies, climate change, economic crisis, access to energy and raw materials. We should be able to develop an equal partnership, based on trust, mutual respect and mutual interest, in what is obviously a win-win situation. I would like to insist again on the fact that we have a common interest, for instance, in reducing the cost of regulatory compliance by agreeing common standards.

6) Last but not least, we have scope to reinforce business-to-business cooperation, in particular in R&D, innovation, manufacturing and commercial areas. Our prosperity rests on knowledge-based economies; so scientific cooperation makes sense. Joint programmes enhancing EU-Japan research projects on next-generation technologies should be designed in cooperation with European and Japanese academia.

Excellencies, Ladies and Gentlemen,

I have spoken at length and could go on with many other proposals extracted from our recommendations, as we feel there is still so much to do to develop the EU-Japan economic relation to its full potential. The timing is right, as Japan's new political leadership is set to inflect many of Japan's policies in a big way, and as a new European Commission is about to be confirmed today by the European Parliament on the basis of the new Lisbon Treaty.

I am convinced that, if we succeed in securing more political support on both sides, we will be able to unlock the significant potential of increased EU-Japan exchanges, to our mutual benefit and that of future generations.