

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

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**Working Party 3  
Innovation, Information & Communication Technologies**

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## List of Abbreviations

| <b>Abbreviation</b> | <b>Meaning</b>   |
|---------------------|--|
| AI                  | Artificial intelligence  |
| BASA                | Bilateral Aviation Safety Agreement                            |
| BRT                 | EU-Japan Business Round Table                                  |
| CARATS              | Collaborative Action for Renovation of Air Transport Systems   |
| EASA                | European Aviation Safety Agency                                |
| EEN                 | Enterprise Europe Network                                      |
| ETP                 | European Technology Platform                                   |
| EU                  | European Union   |
| FLM                 | Forced Localization Measure                                    |
| GDPR                | General Data Protection Regulations                            |
| GOJ                 | Government of Japan  |
| GPA                 | Agreement on Government Procurement                            |
| ICT                 | Information and Communication Technology                       |
| IoT                 | Internet of Things   |
| ITA                 | Information Technology Agreement                               |
| JCAB                | Japan Civil Aviation Bureau                                    |
| JEUPISTE            | Japan-EU Partnership in Innovation, Science and Technology     |
| METI                | Ministry of Economy, Trade and Industry                        |
| MEXT                | Ministry of Education, Culture, Sports, Science and Technology |
| MIC                 | Ministry of Information and Communications                     |
| MoD                 | Ministry of Defence  |
| NATO                | North Atlantic Treaty Organization                             |
| NIS                 | Network Information Security                                   |
| SESAR               | Single European Sky ATM Research                               |
| UN                  | United Nations   |
| R&D                 | Research and Development                                       |
| TiSA                | Trade in Service Agreement                                     |
| WSIS                | World Summit on the Information Society                        |
| WTO                 | World Trade Organization                                       |

## Introduction

### ICT

New digital technologies, such as IoT, big data and AI have a huge potential to change business and society. Digital technology is lowering the boundaries between countries and sectors. With strong leadership from both the EU and Japan, ITA negotiations successfully concluded and modernized global rules on digital economy. At the WSIS+10 meeting the EU and Japan shared the same principle that the multi-stakeholder approach is effective and maintained the existing mechanism. Both the EU and Japan are reviewing appropriate regulations to maximize the potential of digitalization. In addition to sharing a common recognition of the effect of IoT and AI etc. on society, the economy and jobs, activities related to assurance of free flows of cross-border data, cybersecurity, protection of intellectual property and technology on business will be the foundation for business to develop smoothly on a global scale. To achieve this, the EU and Japan should specify the areas for cooperation and endeavour to lead to concrete projects

The EU and Japan should lead global rule making by taking coordinated actions based on common principles to fully exploit the potential of social transformation by digital technology. The G7 ICT Ministers' Meeting will be held in Takamatsu City, Kagawa Prefecture, Japan in April 2016. The BRT expects that common principles will be established using that occasion and that the results of the discussion will be taken up during the G20 meeting in China.

### Innovation in General

The EU and Japan face similar societal challenges such as aging populations and climate change. To address these complex global issues, governments should harness the innovation capacity of the private sector through a better R&D business environment. Given the critical roles of digital technology, such as IoT, in supporting other sectors, the BRT urges both sides' authorities to mobilize all necessary tools for development and deployment of innovative solutions and products.

Funding programmes such as Horizon 2020 and its Japanese counterpart Programmes for International Cooperation on Research and Innovation should increase the efforts towards open collaboration between the EU and Japan. Funding programmes to finance innovation and collaboration are crucial.

Facilitating bilateral R&D collaboration and pilot projects with the participation of academia, public and private sectors will contribute to the creation of innovative products and services that can be deployed in both regions and also in the rest of the world.

Regulatory cooperation between the EU and Japan will also facilitate the deployment of new services and products.

## Aeronautics

We uphold all previous years' recommendations.

Europe's aeronautics industry is a major supplier to the world market, and Japan with its many advanced technologies may soon follow in its footsteps. Both, however, are challenged by aggressive new entrants. In this context, joint technology and project development are necessary for both sides to maintain their technological leadership and competitiveness. EU-Japan industrial cooperation already exists in helicopters and aeroengines, but the potential is much higher. More government-led cooperation and continued support from both sides' Authorities are needed to help the European and Japanese aircraft industries bring to fruition the development of their relationship while meeting the EU's environmental, social and safety requirements.

## Space

We uphold all previous years' recommendations.

The EU and the Japanese space industries are major suppliers of space products and services. The global commercially accessible space market, however, is small with limited growth prospects. As government budgets remain low and competition increases, mutually open markets and cooperation are necessary for the EU and Japan to achieve their goals in space and for their industries to realize their full potential in the global market. We are very satisfied with the creation and first two meetings of the EU-Japan Space Policy Dialogue, and advise urgent and close regulatory cooperation in the area of space operations. We also appreciate that the discussion currently held in Japan regarding the Approval of Satellite Launch Service Providers is fair and consistent with last year's BRT recommendation on this subject.

## Defence Industries

We uphold all previous years' recommendations.

Potentially momentous changes have been occurring in Japan's defence equipment sector. Cooperation between the Japanese and EU defence industries shows signs of budding as a result. Taking note of the fact that most of the progress being made is between Japan and individual EU Member States, we urge a steady continuation of this fruitful bilateral process while also recommending discussions between Japan and both the European Commission and the European Defence Agency.

## Railways

We uphold all previous years' recommendations.

Railways are among the high-technology sectors where both the EU and Japanese industries are world leaders and can together continue setting world standards in the face of new competition from emerging economies. This can have deep implications for expanded cooperation in third-country markets. Safety is a particularly promising cooperation area that we hope can be promoted by both sides' authorities. Working towards harmonization of mandatory technical requirements and mutual recognition of voluntary standards would be a welcome development.

## Recommendations from both European and Japanese industries

### ICT

#### **WP-3 / # 01\*\* / EJ to EJ Concerns on Emerging FLMs and Market Access Improvement in Third Countries**

The BRT has serious concerns that some countries are implementing Forced Localization Measures (FLMs). Those measures could become a real threat to digital trade. Maintaining the business environment to realize an adequate “cross-border data flows” is imperative for multinational companies and for citizens who consume services offered by global players.

The BRT requests both sides’ Authorities to lead global rule making by incorporating provisions to restrict digital protectionism such as FLMs into EPA negotiations respective parties are engaged or TiSA negotiation, and jointly approach the abolishment of such regulations.

#### *< Yearly Status Report >*

*In May 2015, the 23<sup>rd</sup> Japan EU Summit was held in Tokyo. The EU and Japan emphasized their determination to combat all forms of protectionism.*

*In October 2015, the European Commission released a trade strategy “Trade for All”, where it addressed digital protectionism and sought to use FTA and the TiSA to set rules on e-commerce and cross-border data flows.*

*The TPP agreement, in which Japan is participating, also specifies provisions to prevent Forced Localization Measures in the e-commerce chapter.*

#### *< Background >*

*The ITA facilitated the global trade of IT products and contributed substantially to the global economy. In the ICT sector, services are an important component of business in addition to products. Global rules on digital services need modernization reflecting technology development and emerging business models.*

#### **WP-3 / # 02 \*\* / EJ to EJ Balancing Privacy Protection and Innovation**

The BRT welcomes the fact that revisions of the data protection regulations are underway both in the EU and Japan.

The BRT requests the EU and Japan that regulations create a balanced, harmonized and future-proof set of data protection rules both for the EU and Japan as we believe

that adoption of a modern and flexible regulation has the potential to act as a catalyst for growth and innovation both in the EU and Japan.

(Concerns on EU GDPR)

The BRT understands that some of the provisions will be specified in delegated acts and implementation acts.

The BRT also requests the EU to carry out a public consultation as early as possible before the release of the draft delegated act, the implementation act and/or guidelines so that the views of business may be taken into consideration.

Furthermore, the BRT is concerned that the amount of sanctions up to 4% of the total global turnover or 20 million Euros could have too much of an impact on the concerned businesses. The BRT would like to urge, therefore, that sanctions should be transparently applied with careful consideration of the risk that disproportionately large sanctions might have on the industries and economy in the EU and beyond its border.

(Concerns on the amended Act on the Protection of Personal Information in Japan)

The development of provisions on extraterritorial application and transfer of personal information to a third party in a foreign state is expected in Japan's amended Act on the Protection of Personal Information. The BRT requests transparent implementation, while the EU and Japanese companies strive to comply with the Act.

(Rulemaking for facilitation of cross border transfer of personal data)

The BRT appreciates that the codes of conduct and certification mechanisms are included in the EU Regulation in addition to the standard contract clause and the binding corporate rules.

Both sides' Authorities are requested to start substantial discussions on the establishment of a mechanism that will lead to free flows of personal data between the EU and Japan. Especially, it should be possible to transfer personal data between the EU and Japan without a specific procedure. The BRT requests that the EU and Japan mutually certify that each side insure an adequate level of personal data protection.

Furthermore, both sides' Authorities should strengthen their dialogue to realize consistent personal data protection regimes around the world, to assure interoperability and to address digital protectionism through enhanced cooperation with third countries and international organizations.

*< Yearly Status Report >*

*There has been good progress on this recommendation.*

*On April 14 2016, the European Parliament adopted the General Data Protection Regulation.*

*Japan's revised Act on the Protection of Personal Information was established in September 2015. Based on this law, the Personal Information Protection Commission was established on 1 January 2016.*

*< Background >*

*The original personal data protection laws were adopted before the technical advancement of internet and cloud computing. Since then, citizens have become more concerned about privacy protection, and the differences in regulations by countries in various jurisdictions have caused an increase in compliance costs. Those differences have become obstacles to efficient global operation and innovation utilising data. Reviewing the regulations is thus needed.*

### **WP-3 / # 03\*\* / EJ to EJ Cybersecurity of Critical Infrastructure**

The BRT welcomes the EU's adoption of the Network Information Security Directive. The Cybersecurity Basic Act was adopted in Japan, and the GoJ established the Cybersecurity Strategy Headquarters and National centre of Incident readiness and Strategy for Cybersecurity. The EU and Japan share their views on the importance of cybersecurity measures for critical infrastructure.

Cloud computing services, being digital services, are under the scope of the NIS Directive. Detailed provisions will be specified by EU Member States. As there are several types of service provision of cloud operators, the BRT asks the Commission to encourage EU Member States to release obligations for operators.

International cooperation is effective in coping with high-level attacks. The BRT requests to actively conduct educational activities such as public-private joint seminars. A sharing scheme should be created between the national contact points designated in each Member States based on the NIS directive on the one hand and Japan on the other hand.

The BRT also requests that both sides' Authorities enhance the quality and volume of human talent in the cybersecurity area.

*< Yearly Status Report >*

*There has been good progress on this recommendation.*

*At a trilogue held in December 2015, the EU institutions agreed on a first EU level cyber security law "Network Information Security Directive".*

*This Directive stipulates EU Member States to specify a competent authority responsible for cybersecurity, and to establish CSIRT (Computer Security Incident Response Team), and cooperation mechanism between Member States.*

*The GoJ adopted its Cybersecurity Basic Act in November 2014. Based on this basic act, a Cybersecurity Strategy Headquarters was established. In September 2015, the Cabinet decided a Cybersecurity Strategy.*

*< Background >*

*With the diffusion of IoT, the fusion of real space and cyberspace is accelerating. Risks surrounding cyberspace are increasing. Critical infrastructures sustain citizen's life and economic activities. The impediments of their operations because of cyber-*

*attacks, etc., are serious threats to society. It means that defending critical infrastructures from cyber threats is indispensable for maintaining the business operations and a stable civil society.*

*As the entities conducting cyber-attacks act globally, and their attacks become more and more advanced, addressing these serious issues requires a sustained and close international cooperation between the public and private sectors.*

### **WP-3 / # 04 / EJ to EJ Fundamental Reform of the Private Copying Levy System (Compensation System for Private Copying)**

The EU and Japan should cooperate to thoroughly reform the private copying levy system taking into account the evolution of technology and distribution channels for lawful digital contents. Expansion of the current levy system to new devices or cloud services should be avoided prior to the fundamental reform of the system.

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 and fair to consumers, rights holders, service and equipment providers, etc.

#### **<Background>**

*Current compensation is based on private copying levies and sometimes dates back to the analogue era. Private copying levy regulations do not address piracy. New emerging and expanding business models may be hindered by the current levy system. In addition the rules vary greatly across EU and this is in contradiction with the Internal Market principles of free movement of goods and services.*

### **WP-3 / # 05 / EJ to EJ Expansion of membership of Expanded ITA agreement**

The BRT highly welcomes the conclusion of the Information Technology Agreement (ITA) Expansion negotiation at the 10<sup>th</sup> WTO Ministers conference in Nairobi, Kenya in December 2015. With this agreement, the tariffs of 201 products will be eliminated. The BRT also highly welcomes that periodical review mechanisms are included in the agreement. The original ITA is supported by 82 members, while the expanded ITA was negotiated by 53 members.

The BRT recommends that both authorities work together in order to convince additional members to sign up to the expanded ITA.

The BRT would like to emphasise to both sides' authorities the importance of the punctual implementation of tariff elimination starting on 1st July 2016. The BRT also recommends both sides' authorities to consider an accelerated implementation.

*< Yearly Status Report >*

*The expanded Information Technology Agreement (ITA) was concluded by 53 WTO members at 10<sup>th</sup> Ministers Conference of WTO held in Nairobi, Kenya in December 2015.*

*In July 2015, the negotiators of the ITA agreed to eliminate tariffs of 201 products.*

*< Background >*

No product review had been conducted after the agreement on the original ITA in 1996. Business associations requested an expansion of product coverage. Based on this request, an ITA expansion negotiation was conducted from May 2012 onwards.

**WP-3 / # 06 / EJ to EJ Cooperation to Maintain an Open and Transparent Internet (Internet Governance)**

The BRT highly appreciates that at the United Nation WSIS+10 High level meeting in December 2015, participants confirmed that an open and transparent online environment involving multiple stakeholders is effective, and agreed to extend IGF activities for 10 years and organize another high level meeting in 2025. However, there are different views on internet governance and differences are not resolved.

The BRT believes that the current mechanism is appropriate for the digital economy to contribute to the global economy, and requests the EU and Japan to continue cooperating for the maintenance of the multi-stakeholder system at all discussion occasions, for example at the meeting of United Nations Commission on Science and Technology for Development (UNCSTD) to be held in May 2016.

*< Background >*

*Some parties advocate that internet should be managed by the United Nations or call for a new multilateral scheme. The opposing views with parties wishing to maintain the existing multi-stakeholder process is more and more obvious.*

## Innovation in General

### **WP-3 / # 07 \* / EJ to EJ Work towards International Standardisation at Joint R&D Programmes**

Both sides' Authorities should specifically favour joint R&D programmes that are geared towards international standardisation such as standardisation in advanced manufacturing, the Internet of Things and Cybersecurity. Regulatory cooperation between the EU and Japan for facilitating digitalization will accelerate creation of innovation through the deployment of new services and products in both regions.

#### *< Yearly Status Report >*

*In May 2015, The EU and Japan signed a joint declaration concerning R&D and cooperation for standardization called "A strategic cooperation on the future generation of communication network (5G)". In February 2015, the GoJ adopted Japan's Robot Strategy. The Robot Revolution Initiative was established as the execution body of this strategy. The IoT Acceleration Consortium was established with the support of METI and MIC.*

#### *< Background >*

*The EU and Japan share common societal challenges such as aging population, climate change, resources constraints, etc. Enhancing cooperation between EU and Japan expertise will increase possibilities to create new products and services addressing complex issues. However, a real breakthrough is possible if both economies and Authorities use the same standards, so that double certification will not be needed. As this is more difficult to achieve for incumbent technologies and markets, at least new standards should be developed jointly as much as possible. It is well known that the seeds for standards are already defined at the R&D level, thus joint R&D programs should encourage joint standardisation activities.*

*In March 2015, DG GROW and METI held the 18th Annual Meeting of the EU Japan Industrial Policy Dialogue in Brussels and adopted a joint document regarding the regulatory cooperation between the EU and Japan.*

### **WP-3 / # 08 \* / EJ to EJ Sharing Vision and Roadmaps for a Better Coordination of R&D Projects/Programmes**

To make the programmes even more effective to manage and accessible from the industry, the procedure for preparation, launch and evaluation of coordinated calls should be well discussed by both parties and standardised. Especially, transparency should be enhanced throughout the application and evaluation processes. Clearly mentioning correspondences between European and Japanese calls would greatly facilitate the identification of opportunities for cooperation. If possible, synchronized publication of such calls would be desirable. Both sides' Authorities should increase matchmaking activities between European and Japanese industry to find out common themes. The role of National Contact Points (NCP) should be reinforced. Japanese NCP should work more closely with European NCPs and both should

coordinate their efforts. For sharing the vision and working on the common roadmaps, the industry-led activities of European Technology Platforms (ETPs) can be a model.

To increase participation in the respective R&D projects of each region, the BRT recommends authorities to promote the services offered by the National Contact Point in Japan for Horizon 2020 and other relevant instruments (including the EEN) to widely circulate R&D call notifications and support the formation of partnerships. The BRT hopes that initiatives under Horizon 2020 and Japan's 5<sup>th</sup> Science and Technology Basic Plan will lead to further EU-Japan strategic R&D cooperation.

#### *< Yearly Status Report >*

*A few joint calls for proposals under Horizon 2020 were released in the fields of aeronautics and ICT, health and advanced materials.*

*On 18 May 2015 in Brussels, the 3rd Joint Committee on Scientific and Technological Cooperation between the EU and Japan was held. The Committee adopted a Joint Vision on the new strategic partnership in Research and Innovation between the European Commission and the Government of Japan. In addition to the current joint areas of cooperation (ICT, Advanced Materials/CRM, Aeronautics), both sides' authorities have a common view on the strategic significance of increasing cooperation in the fields of health/medical research, environment, energy, and high-energy physics.*

*To further enhance EU-Japan cooperation in research and innovation, the JEUISTE project has continued its activities, reinforced by Japan's National Contact Point for Horizon 2020. The EU-Japan Centre for Industrial Cooperation conducted several activities to facilitate R&D collaboration between the EU and Japan: a major seminar on Horizon 2020 (October 2015), a Power Electronics Symposium (December 2015) and several activities in Europe (such as an innovation workshop in Barcelona on healthy ageing and smart cities in November 2015). Various seminars/workshops/trainings were also organized in cooperation with local hosts in Japan, tailored to specific needs or the organisations.*

*France has also given a European dimension to its activities under the France-Japan Innovation Year, such as the EU-Japan 5G Symposium (February 2016).*

*Japan's Cabinet Office has adopted its 5<sup>th</sup> Science and Technology Basic Plan in late January 2016. It outlines Japan's science and technology approach for the next 5 years.*

#### *< Background >*

*Science, Technology and Innovation are engines for growth. Ideas cannot be prevented from crossing borders. Consolidating expertise from both regions will be an effective way to address current complex global issues. Countries can make more effective use of human resources and financial funds if their R&D programmes are coordinated and if mutual access to R&D programmes is easier for participants from*

*both regions. Coordination should also be promoted at local/regional levels (e.g. Smart Specialisation). A similar coordination should be promoted by coordinating the work of Chambers of Commerce, Industrial Associations and Universities.*

### Aeronautics

#### **WP-3/ # 9\*\*/ EJ to EJ Government-Led Industrial Cooperation in Aeronautics**

The Authorities of Japan and the EU should establish a permanent dialogue aiming to significantly upgrade the scale of EU-Japan industrial cooperation in aeronautics based upon mutual trust, equality and mutual benefits, and stimulated by government funding. This should include a broad cooperation on environmental issues.

##### *<Yearly Status Report>*

Some progress has been made on this recommendation.

##### *<Background>*

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

*EU-Japan industrial cooperation in civil airliners has stagnated since the early 2000s, when 15 Japanese suppliers joined the A380 programme. The situation is better for Japanese participation in engine programmes and as suppliers of carbon fibre materials. The aerospace industries of other countries have improved significantly in recent years and price competitiveness has become a key decision criterion.*

*Europe and Japan support mostly separate research programmes on environmental issues, from noise to emissions. 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-3 / # 10 \* / EJ to EJ Cooperation in Aircraft Certification**

Cooperation between Japanese and European aircraft certification authorities should be upgraded. Specifically, the BRT recommends the signature of a Bilateral Aviation Safety Agreement (BASA) between the JCAB and the EASA that would cover both type certification and maintenance activities.

##### *< Recent Progress >*

Significant progress is made towards a BASA between Japan and the EU.

##### *< 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. .*

### **WP-3 / # 11/ 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.

#### *<Yearly Status Report>*

*Progress is seen on this recommendation. Europe's SESAR air traffic management systems programme and Japan's CARATS committee on future air traffic systems established a framework for technical cooperation.*

#### *< 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 / satellite based infrastructure already established to allow low altitude IFR routes, Point-in-Space navigation and GPS precision approaches, but that may prove useless if there is no cross recognition of standards and regulations (software) between the countries. Moving forward for bilateral agreement between EASA and JCAB is also expected by the aviation industries.*

## **Space**

### **WP-3 / # 12 / EJ to EJ Regulatory Cooperation in Space Operations**

Japanese and EU Authorities should use their new EU-Japan Space Policy Dialogue to discuss regulatory cooperation in space operations.

#### *< Yearly Status Report >*

*We have not heard of Authorities' initiatives in that respect.*

< Background >

*We welcome the meetings of the EU-Japan Space Policy Dialogue on 7 October 2014 and 8 March 2016.*

*The Government of Japan, on the other hand, is preparing legislation to regulate Space operations by Japanese entities. Similar legislation already exists in the EU, mainly including some EU Member States. Healthy EU-Japan trade and cooperation in space services calls for common legislative and regulatory ground that could be examined within the EU-Japan Space Policy Dialogue.*

*During the first EU-Japan Space Forum on 8 October 2014, Japan and EU Space Industry participants have outlined the need for industrial cooperation in both Civil and Defence thematics, that will lead to many technological, budgetary and industrial advantages. Such cooperation will also be studied under this current dialogue in fields like Communication and Earth Observation services.*

**WP-3 / # 13 / EJ to EJ Mutual Backup of Government Satellite Launches**

Japanese and EU Authorities should bring about a mutual backup cooperation scheme of government launches using Japanese and European launcher fleets.

< Yearly Status Report >

*No progress has been seen on this recommendation.*

< Background >

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

**Defence**

**WP-3 # 14 / EJ to EJ / EU-Japan Cooperation in Defence Equipment**

Potentially momentous changes have been occurring in Japan's defence equipment sector. Cooperation between the Japanese and EU defence industries shows signs of budding as a result. Taking note of the fact that most of the progress being made is between Japan and individual EU Member States, we urge a steady continuation of this fruitful bilateral process while also recommending discussions between Japan and both the European Commission and the European Defence Agency.

**Railways**

**WP-3 / # 15 / EJ to EJ Railway Market Access**

Both sides' authorities should continue their efforts to ensure that their commitments, such as on procurement transparency and non-discrimination, are fully implemented to result in much more tangible improvements in actual market access. Especially, both sides' authorities should establish their respective open description of compliance requirements as well as validation processes. The certification procedures for railway rolling stock and equipment should be made fully transparent to the interested parties of both sides and should be further simplified.

The BRT takes note that both sides' authorities are now discussing the removal of the Japanese operational safety clause from Japan's GPA Annex III as well as the EU's notes against Japan from the EU's GPA Annex III in the context of EU-Japan EPA/FTA negotiations.

In addition, the European Railway Agency and the Japanese Ministry of Land, Infrastructure, Transport and Tourism should look into the possibility of harmonizing their respective mandatory technical requirements by assessing the equivalence of these mandatory technical requirements.

The BRT believes that win-win solutions can be found through such development. This will help both the EU and Japanese railway operators to increase their capabilities to respond to their customers' expectations as well as both the EU and Japanese railway manufacturers to strengthen their competitiveness in and outside the two regions.

#### < Yearly Status Report >

*Limited compared to last year but steady progress has been achieved in railway market access:*

*The players in the railway sector of both sides have continued their efforts to understand the difference between the two systems especially through the Railway Industrial Dialogue. Following two successful Dialogues in 2014, two Dialogues were held successfully in 2015 to further improve the mutual understanding among operators and manufacturers on both sides.*

*The BRT supports this initiative sponsored by both sides' authorities. Such a structured industrial-sector dialogue enables both sides' players to enhance mutual understanding and should be held regularly.*

*JR East (East Japan Railway Company), one of the three JR companies which were delisted from Japan's GPA Annex III, opened its third international tender for the procurement of 63 electric-diesel railcars in May 2015.*

*The BRT also supports this kind of voluntary initiative.*

#### < Background >

- (1) *Both the EU and Japanese railways have their respective long and successful histories. However, the legal requirements, management systems and procurement practices differ. In addition, the responsibility for the safety and reliability of equipment and systems falls on different players: while, in the EU, manufacturers are mainly responsible for obtaining safety certification, in Japan, railways operators are responsible for obtaining safety certification. In addition, in the EU, railway operators are mainly public utilities, in Japan, railway operators are mainly private utilities. In order to address these differences in safety certification, opening a dialogue between both sides' industry players, especially between the manufacturers of the two sides, could be an appropriate way. It would foster the cross-fertilisation of safety performance of the global railways industry.*
- (2) *In 2014 the European Commission and the Japanese Ministry of Land, Infrastructure, Transport and Tourism agreed on matters such as procurement transparency and defining the scope of the operational safety clause.*
- (3) *The EU finally lifted its objection on the withdrawal of the three JR companies from Japan's GPA Annex III, and these companies simultaneously published their voluntary codes of conduct regarding materiel procurement.*
- (4) *In addition, on 27 March 2014, the first industrial dialogue on railways involving nearly all players in the EU and Japan in the sector was organised in Brussels under the sponsorship of the European Commission and the Japanese government. On 4 December 2014, the second dialogue was held in Tokyo, on 21 May 2015, the third dialogue was held in Brussels, and on 10 November 2015, the fourth dialogue was held in Tokyo.*
- (5) *During the past few years, a significant effort has been undertaken in the EU in order to get better visibility on the certification in EU Member States. These relate to specific requirements for safe operation of relevant railway networks. The European Railway Agency is taking care of the certification coordination among EU Member States' National Safety Authorities. In its so-called "Fourth Railway Package" proposal, the European Commission is paving the way for a common certification procedure to be granted by the European Railway Agency.*

## Recommendations from European industry

### Aeronautics

#### **WP-3 / # 16\*\* / E to EJ    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 to allow the operations of new and larger airplanes such as Airbus-made A380 and A350. We request both sides' Authorities in charge to cooperate in making the necessary verifications. Additionally, for the newest mid-size A350 aircraft, operation could be possible with the re-verification of the withstand load with regards to part of the construction.

#### *< Yearly Status Report >*

*No progress has been seen on this recommendation. However, the recent approval of the 747-8i (Code F aircraft) for day-time operations in Haneda offers hope that the A380 (also a Code F aircraft) will be approved soon for day-time operation as there are some airlines looking at operating the A380 into Haneda.*

#### *< 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. The recent dramatic increase in the number of foreign visitors to Japan, just under 20 million in 2015 has caused the GoJ to revise the target upwards to 40 million for 2020. The average size of aircraft departing Haneda (230 seats) is now lower than it was in 1980 (240 seats) when 747s were used domestically. To see traffic grow at Tokyo's airports and more specifically Haneda, work needs to be done to ensure larger aircraft can be used at Haneda. 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. New aircraft such as the A350 and A380 are significantly quieter and environmentally friendly than older aircraft now in use at Haneda airport and, with plans to overfly the city to increase flights to and from Haneda, it is essential that quiet aircraft are used as much as possible. 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>   | 308.9        | 268.9       | 396.0    | 286.9      |
| Main gear load, t/gear | 139.5        | <b>161.6</b> | <b>146.9</b> | 126.0       | 92.8     | 134.9      |
| Wheel load             | 26.2         | <b>26.9</b>  | 24.5         | <b>31.5</b> | 23.2     | 22.5       |

### Space

#### **WP-3 / # 17 \* / 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.

*< Yearly Status Report >*

*The draft law approved by the Cabinet on 4 March 2016 is fully compliant with the BRT's expectations. This item is closed. The BRT thanks the Government of Japan.*

*< Background >*

*Japanese Authorities are defining 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.*

### Defence

#### **WP-3 / # 18 / E to EJ Internationally Recognized Procurement Processes for Defence Equipment and Services**

The following should be applied to all defence procurement processes:

- (1) Japan should improve transparency towards foreign suppliers by making the Statement of Requirements for procurement processes more widely available.
- (2) Japan's MoD should adopt NATO standards for the initial research and development phase to strengthen competition and reduce development risk.

- (3) Japan's MoD should also implement multiyear contract scheme for weapon acquisition in order to obtain the best conditions in terms of prices and local content from foreign manufacturers.
- (4) Greater emphasis should be 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.
- (5) 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.
- (6) 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.
- (7) The MoD should also send a clear message to suppliers that if they do not contract on the basis of their selection there will serious consequences or cancellation of the selection.
- (8) The BRT would also encourage MoD to create an appeal process.

*< Yearly Status Progress >*

*The Japanese MoD has made a move to improve the transparency of its decision making process by declaring a point system to determine the winner and providing a debrief as to how the decision was made. However the point system is not that clear and debriefs need to be more detailed.*

*<Background>*

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