



EU-Japan Business Round Table Annual Meeting

## **JOINT RECOMMENDATIONS**

*“EU and Japan – Champions of Global Free Trade”*

20 April, 2018, Tokyo

### **1. Introduction**

The 20<sup>th</sup> annual meeting of the EU-Japan Business Round Table (BRT) took place at the Conrad Tokyo on Friday, 20 April 2018. It was the first BRT meeting since the 8 December declaration by Japan and the EU that the EU-Japan Economic Partnership Agreement (EPA) negotiations had been finalised.

The 2018 BRT meeting offered the Business Round Table’s member companies and organisations the opportunity to address four topics that they consider to be key drivers for furthering EU-Japan economic growth and strengthening industrial relationships:

- EU-Japan EPA
- Digital and data economy, cybersecurity, and blockchain
- Sustainable Development Goals (SDGs), and
- Regulatory cooperation

The BRT Members were honoured to welcome and engage in high-level discussions with representatives of the EU and Japanese Authorities. The BRT adopted these 2018 Joint Recommendations and key recommendations from the BRT’s Working Parties, and agreed to submit them to the Government of Japan, European Commission, and European Council following the Annual Meeting.

### **2. Background**

For the first time, the Business Round Table annual meeting was held at a time in which the milestone EU-Japan Economic Partnership Agreement (EPA) negotiations had been concluded. From even before the first round of EPA negotiations that kicked-off in April 2013 in Brussels, to the eighteenth and final round of negotiations in Tokyo in April 2017 that contributed to reaching the EPA “agreement in principal” in July 2017, the BRT and its members have been supportive of the negotiations and of a comprehensive and timely closing of the EPA. As the negotiations progressed, the BRT has maintained a keen interest and has, through its annual meetings, eagerly expressed its views through its successive Recommendations to the Authorities of Japan and the EU.

The BRT welcomes the fact that Japan and the EU have continued their active interaction through numerous events and dialogues into 2018.

### **3. EU-Japan Economic Partnership Agreement**

The BRT appreciates the successful conclusion of the negotiations of the EPA. During the EU-Japan Summit Telephone Talk last December, Prime Minister Abe and EU Commission President Juncker's joint statement confirmed the finalisation of negotiations on the EU-Japan EPA.<sup>1</sup> This conclusion of the EPA negotiations also reaffirms that Japan and the EU are important global partners which share fundamental values such as democracy, rule of law, and basic human rights.

The BRT considers the EU-Japan EPA to be a cornerstone of EU-Japan relations, will create considerable opportunities for both large enterprises and SMEs, and is therefore a topic that the BRT will continue to address.

The size of the economies that the EU-Japan EPA encompasses, as well as the economic potential of the partnership, cannot be overstated: combined, Japan and the EU account for 9% of the world's population, and represent 30% of world gross domestic product (GDP) and 40% of the value of global trade. The BRT believes that these figures represent incomparable economic promises for growth and cooperation both in the near and distant future.

The BRT is pleased that the negotiators for Japan and the EU achieved ambitious, comprehensive, and mutually-beneficial goals in the EPA – Japan will remove approximately 99% of its tariffs and the EU will remove 100% of its tariffs. Both sides conceded a 100% tariff elimination for manufactured goods. Many non-tariff measures have been addressed and the agreement will make it easier for EU and Japanese firms to provide services and to participate on an equal footing in bids for procurement tenders.

The BRT highly appreciates the efforts of the EU and Japanese Authorities to continue their cooperation in all different areas – including the regular open and transparent discussion of open topics – to bring the EU-Japan EPA to a fruitful and beneficial implementation for both partners. The BRT will continue to support the Authorities' efforts, and will monitor the Agreement's implementation and application.

The BRT holds the firm belief that this deepening of the bilateral economic relationship will complement the commitment both partners share to maintaining and strengthening the existing multilateral trade regime under the WTO and call upon all parties to reject protectionist sentiments to ensure a free and level-playing field in markets.

### **4. Other Key Topics: Digital and Data Economy, Cybersecurity, Blockchain; Sustainable Development Goals (SDGs); Regulatory Cooperation and Interoperability**

Three additional Themed Discussion topics were selected, in addition to the overarching Themed Discussion topic of the EU-Japan EPA, as a reflection of issues that the BRT and its Members view as important, relevant, and timely as the economic partnership between the EU and Japan unfolds and develops in the coming years.

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<sup>1</sup> <http://www.mofa.go.jp/files/000315382.pdf> and [http://europa.eu/rapid/press-release\\_STATEMENT-17-5182\\_en.htm](http://europa.eu/rapid/press-release_STATEMENT-17-5182_en.htm)

### *Digital and Data Economy, Cybersecurity, Blockchain*

In consideration of the importance of the role that the digital and data economy plays in efficient, innovative, and sustainable economic growth for both the EU and Japan, the BRT selected 'digital and data economy, cybersecurity, and blockchain' as a Themed Discussion topic for this year's Annual Meeting. The BRT recognises that AI has an increasingly important role in our professional and personal lives and welcomes the opportunities the technology will provide for future EU-Japan cooperation.

As part of the first EU-Japan Digital Week in Tokyo, dialogues between the European Commission and Japanese Government were held in October 2017, bringing together Japan and the EU's ambitious digital policy initiatives (Society 5.0 and Digital Single Market Strategy).<sup>2</sup> The BRT welcomes the on-going discussions and workshops (involving industry participants) between the European Commission and MIC and METI – including the 7<sup>th</sup> EU-Japan ICT Strategies Workshop held on 18 April in Tokyo. The BRT is pleased to learn that the EU, MIC and METI agreed in this context to deepen their exchanges and cooperation on the economic aspects of cybersecurity, including the topic of certification, and on the data economy.

### *Sustainable Development Goals (SDGs)*

In light of the active and strong emphasis with which the Authorities of both the EU and Japan have included SDGs as integral elements of their economic growth policies, the BRT considers it fitting and timely to have SDGs as a Themed Discussion topic at this year's BRT Annual Meeting.

The BRT commends the Authorities of Japan and the EU for their emphasis and efforts to promote SDGs through the EU-Japan EPA's chapter on trade and sustainable development, and more broadly through the Japanese Government's SDGs Action Plan 2018 and the EU's efforts to implement its 2030 Agenda for Sustainable Development both domestically and globally.<sup>3</sup> The BRT welcomes the Authorities' ongoing cooperation on CSR issues via the EU-Japan CSR Business Dialogue Meeting.<sup>4</sup>

### *Regulatory Cooperation*

Regulatory coherence and regulatory cooperation are regarded as fundamental building blocks for the high-level trade rules that the BRT views as indispensable to the EU-Japan economic partnership. Accordingly, the BRT selected regulatory cooperation as a Themed Discussion to provide industry and Authorities the opportunity to foster public-private engagement on the topic. The BRT acknowledges the effectiveness and synergy established between Japan and the EU in the EU-Japan Industrial Policy Dialogue that, under the stewardship of METI and DG GROW, has been ongoing annually for two decades. Regulatory cooperation, regulatory convergence, interoperability, standards and conformity assessment, and discussions on competitiveness and industrial policy are regarded by the BRT as critical elements in expanding the economic foundations of both the EU and Japan, as well as energising SMEs, entrepreneurs, and industry.

The BRT recognises that ongoing, and transparent regulatory cooperation, as an overarching topic, is a vital element of the EU-Japan EPA, and sees the EPA as a keystone in strengthening the economic relationship between Japan and the EU.

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<sup>2</sup> <https://ec.europa.eu/digital-single-market/en/blogposts/celebrating-eu-japan-digital-week-tokyo>

<sup>3</sup> [http://ec.europa.eu/environment/sustainable-development/SDGs/implementation/index\\_en.htm](http://ec.europa.eu/environment/sustainable-development/SDGs/implementation/index_en.htm)

<sup>4</sup> Japan Business Council in Europe (JBCE)

## **5. Requests and Recommendations**

Firstly, the BRT calls on the Authorities of the EU and Japan to continue their commendable efforts in working with their respective legislative bodies to ensure a swift signature, ratification and entry into force of an effective Economic Partnership Agreement, and remains ready to support the Authorities' post-implementation monitoring of the Agreement.

Secondly, the BRT recommends that data privacy, cybersecurity, free flow of data, and blockchain be regarded by the EU and Japan Authorities as vital elements of vibrant and innovative digital economies and global trade. Furthermore, the BRT calls on both Authorities to continue cooperating in the formulation of the rules for digital trade.

Thirdly, in recognition of the growing importance, and significance, of Sustainable Development Goals in the economic development of the EU and Japan, the BRT recommends that both Authorities establish concrete areas of cooperation and continue the dialogue between policymakers and industry.

Fourthly, the BRT calls on the Authorities of the EU and Japan to continue working together on transparent and coherent regulatory cooperation that takes into consideration the concerns and views of industry, and constitute a further step towards free trade after the lifting of almost all tariff barriers.

In addition to the above areas, further expansion in investment is expected in the future now that the EU-Japan EPA has been concluded. The BRT calls upon both Authorities to deepen the two-way cooperation that is expected to reap the dividends that will arise from increased investment, and to consider the support that industry can extend with respect to elements inherent in investment cooperation. In addition, the BRT calls on both Authorities to accelerate and further discussions on establishing the governmental frameworks for cooperation in investment, such as those for cooperation between governmental financial institutions.

Finally, the BRT stresses the need for cooperation by both Authorities for a global level playing field and cooperation against market-distorting measures by third countries.

Additional recommendations, prepared by the BRT's four Working Parties, are contained in the Appendix.