

(Tentative Translation)

Report from the Government of Japan

Concerning the Recommendations

from the Japan-EU Business Round Table (BRT)

April 2019

Note: The content of this report is based on the situation as of December 31, 2018.

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**Working Party 1: Trade Relations; Investment and Regulatory Cooperation;
Financial Services, Accounting and Taxation**

WP-1 / # 01* / EJ to EJ Strengthening the EU-Japan Economic Relationship: Call for early entry into force of the EU-Japan EPA

Reply:

Japan and the EU will appropriately implement the provisions of the Japan-EU EPA after it comes into force and will take appropriate measures as necessary.

At the same time, Japan will provide appropriate explanations and information on the EPA in order to promote the utilisation of, and obtaining best possible benefits from the EPA.

WP-1 / # 02* / EJ to EJ Recommendations for an ambitious multilateral trade agenda following the WTO Ministerial Conference in Buenos Aires

Reply:

The WTO remains to be the center of the multilateral trading system. At the same time, it fails to address current international trade issues sufficiently, facing various challenges. With such situation in mind, the necessity of WTO reform has become widely acknowledged in the international community, and the momentum for the reform is growing, as in the G20 Buenos Aires Leaders' Declaration, where the leaders expressed their support for "the necessary reform of the WTO to improve its functioning."

The discussion of WTO reform focuses on the reinvigoration of the negotiating function, the reform of the dispute settlement system and the enhancement of the monitoring function. The Government of Japan (GOJ) has been playing a leading role in the discussion as demonstrated in (i) the joint proposal to enhance transparency and strengthen notification requirements co-sponsored by several Members including Japan, the EU and the U.S. as well as (ii) the initiative toward future WTO rule-making on electronic commerce. The GOJ, in partnership with the EU sharing the view on the necessity of the reform, will continue to contribute to the discussion on WTO reform and thus to proactively pursue the strengthening of the free, fair and rule-based trading system.

Moreover, WTO Members will push forward the discussion toward steady implementation of the Agreement on Trade Facilitation, which entered into force in 2017.

WP-1 / # 03* / EJ to EJ Applying international standards and enhancing regulatory cooperation

1.General recommendations

Reply:

The Ministry of Economy, Trade and Industry (METI) and the European Commission (EC) DG for Internal Market, Industry, Entrepreneurship and SMEs (DG Growth) have been propelling regulatory cooperation from an early stage in order to avoid future misalignments of regulations between Japan and the EU and facilitate the commercialization of new technologies.

*The METI and the EC DG Growth agreed to continue enhancing regulatory cooperation at the Japan-EU Industrial Policy Dialogue in Tokyo in April, 2018.

Also, the Japan-EU Economic Partnership Agreement (EPA), which is scheduled to enter into force on February 1, 2019, includes provisions on promoting good regulatory practices and regulatory cooperation. The agreement stipulates that the committee on Regulatory Cooperation shall meet within one year of the date of entry into force of this agreement and at least once a year. Thereafter, Japan and the EU will continue to promote discussions on regulatory cooperation.

2. Create a common chemicals regulation

Reply:

The regulatory authorities of the EU and Japan have shared information on the current situation of each regulation and have exchanged views on regulatory cooperation through the Chemical WG of EU-Japan Industrial Policy Dialogue. Specifically, at the 4th Chemical WG in February 2018, the EU and Japan exchanged information on the progress of chemicals regulations and discussed information transfer of chemicals in products and risk assessment approach of existing chemicals.

Japan has shared its information and has exchanged views on emerging issues such as endocrine disruptors and nanomaterials with the regulatory authorities of the OECD members including the EU on the occasions of the OECD Joint Meeting of the Chemicals Committee and Working Party on Chemicals, Pesticides and Biotechnology, etc.

Furthermore, Japan has dialogues with ASEAN countries and shares the achievement with the regulatory authorities of the EU.

The EU and Japan are going to exchange information continuously with regards to chemical management. Japan will continue discussion on emerging issues with regulatory authorities including the EU, utilizing appropriate fora such as the OECD.

3.Create a common resource efficiency policy

Reply:

The Japanese government has been conducting the capacity building cooperation in emerging countries especially in Asia since 2004. In the program, Japan has been supporting these countries to develop regulations such as Energy Efficiency Law, energy management system and relevant labelling rules. In addition, Japan continues leading a working group to introduce each country's best practice of energy efficient policy and regulation under the framework of International Partnership for Energy Efficiency Cooperation (IPEEC) which was established to promote International collaboration on energy efficiency by the agreement on G8 Energy Ministerial Meeting in 2009.

Following the government-sponsored experimental research project on Type III Environmental Labels, a private organization has taken over it and has been implementing since 2002 known as the EcoLeaf Environmental Label Program. Separately, following the government-sponsored pilot program for the Carbon Footprint of Products (CFP), a private organization has taken over it and has been implementing since 2012. In April 2017, these two programs were integrated into a single program, called the Environmental Label Program.)

Through regular communication with the private-sector organization operating the Environmental Label Program, the Japanese government will encourage to make the program consistent with relevant international guidelines such as ISO as before.

4.Expand the benefits of AEOs

Reply:

With respect to the mutual recognition of the AEOs between Japan and the EU, the Customs Authorities of Japan and the EU will continue to monitor its implementation and to discuss various matters, including measures to promote its utilisation.

The Government of Japan will continue to give consideration on possible measures to further simplify customs procedures for the AEOs, taking into account the particular issues the operators have raised through exchanging views and information with them.

5. Adoption of UN Regulations and promotion of regulatory cooperation in the

automobile sector

Reply:

The Government of Japan applies UN Regulations, having made relevant revisions to them and taking into consideration of ensuring safety and environmental protection of motor vehicle in Japan, as a part of its efforts toward the realization of an International Whole Vehicle Type Approval (IWVTA), which was adopted at the UN/ECE/WP.29 in November 2017. The Government of Japan, in cooperation with the European Commission, has been actively contributing to promoting IWVTA, inter alia, through acting as Co-chair of an expert meeting on IWVTA at the WP.29 and will continue to make efforts in promoting IWVTA as well as promoting international harmonization of motor vehicle regulations, including those concerning new technologies such as automated driving, at the UN/ECE/WP.29, taking into consideration of ensuring of safety and environmental protection of motor vehicle in Japan.

WP-1 / # 05* / EJ to EJ Recommendation on BEPS Action Plan and Other Tax

Issues

General, paragraph 1

Reply:

Japan has played a central role with the EU in the BEPS (Base Erosion and Profit Shifting) Project to promote a level playing field and improve tax certainty, where the Organization for Economic Co-operation and Development (OECD) had public consultations several times to reflect opinions of business sectors in international tax rules. Now that the BEPS Project is in its implementation phase, Japan has contributed to expanding participation in the Inclusive Framework on BEPS (currently more than 120 jurisdictions participate in the Framework), which is critical as measures to prevent BEPS need to be implemented in an internationally consistent manner.

In addition, the Government of Japan has taken into account the potential compliance costs of companies and predictability for compliant taxpayers based on discussions with business sectors and relevant authorities in designing its tax systems and relevant procedures in accordance with the recommendations of the Project. In the FY18 Tax Reform, revisions were made to the scope of "permanent establishment (PE)".

The Government of Japan will steadily continue to implement the agreed measures, including through possible amendments of relevant laws. We will continue to consider designing tax systems that can prevent aggressive tax planning by multinational enterprises, while taking into account opinions from business sectors.

Japan will also continue to work with international counterparts, including the EU, to

secure the timely, consistent and widespread implementation of the BEPS package and address the remaining challenges with a view to ensuring a level playing field.

General, paragraph 2

Reply:

Regarding CbC reporting, the final report of BEPS Action 13 recommends that local filing obligation is only applied as a secondary measure where the CbC report cannot be exchanged by automatic exchange of information, and the Japanese CbC reporting rules are structured in a manner conforming to the recommendation of the final report of BEPS Action 13. CbC reporting rules take into account the burden for business, as the local filing is only required in cases where (1) the ultimate parent entity of an MNE group is not obliged to file CbC report in its jurisdiction of residence, (2) the jurisdiction in which the ultimate parent entity is resident for tax purposes has a current international agreement to which the given jurisdiction is a party but does not have a qualifying competent authority agreement in effect to which this jurisdiction is a party by the time for filing CbC report or (3) there has been a systemic failure (i.e. suspension of automatic exchange of CbC reports or persistent failure of automatic provision of CbC reports) of the jurisdiction of tax residence of the ultimate parent entity that has been notified to the constituent entity by its tax administration. Furthermore, the guidance on the implementation of the CbC reporting, which many countries including Japan have engaged in drafting and the OECD has published and updated, contributes to clarifying the conditions where local filing obligation is applicable and thus ensuring MNEs' predictability as well as avoiding posing an excessive burden for business. Three-phased peer review, which consists of three annual reviews, starting respectively in 2017, 2018 and 2019, examine whether the legal and administrative framework put in place by each member jurisdiction of the Inclusive Framework to implement the CbC reporting is compliant with the BEPS Action 13 minimum standards. The peer review process focuses on three key elements of the minimum standard: (1) the domestic legal and administrative framework, (2) the exchange of information framework, and (3) the confidentiality and appropriate use of CbC reports. Recommendations to address any shortcomings, which are identified during the course of the peer review, will be given to each member jurisdiction if that jurisdiction does not fully implement the BEPS Action 13 minimum standard. The review of phase one (starting in 2017), which focused on the domestic legal and administrative framework, concluded that Japan has fully implemented the items covered in the review.

Japan continues to actively and cooperatively work with the OECD through the entire

process of the peer review to demonstrate that the Japan's legal and administrative framework for CbC reporting is compliant with the BEPS Action 13 minimum standard as well as ensuring that local filing obligation imposed by the other Inclusive Framework member jurisdictions is applied only under the conditions set out in the final report of BEPS Action 13.

General, paragraph 3

Reply:

The Government of Japan has vigorously been engaged in bilateral and multilateral negotiations with the EU Member States, through the mutual agreement procedures (MAP) based on tax treaties, to provide Advance Pricing Arrangements (APAs) for the purposes of avoiding international double taxation. Japan's National Tax Agency (NTA) has made every effort to effectively and efficiently resolve APA cases through MAP, including by deploying the appropriate number of officials and strengthening communication with the tax authorities of each of the EU Member States.

The Government of Japan will continue to make every effort to resolve APA cases effectively and efficiently through bilateral and multilateral MAP negotiations, so as to avoid double taxation between Japan and each of the EU Member States.

General, paragraph 4 and 5

Reply:

Japan's CbC reporting legislation is consistent with the model legislation set out in the final report of the BEPS Action 13. Also, we recognize that securing the confidentiality of taxpayer's information is an important issue.

In this regard, we are concerned that Public CbCR discussed in the EU is problematic and could harm international cooperation efforts. The Japanese government has expressed concerns at various occasions, including at a ministerial level. We will continue to work together with other countries to ensure international cooperation efforts on this issue.

When exchanging CbC reports with relevant jurisdictions, it is important that the conditions of confidentiality, consistency and appropriate use are satisfied in receiving jurisdictions. The peer review of the CbC reporting is now being conducted on whether the legal and administrative framework, including the confidentiality of CbC reports, put in place by each member jurisdiction of the Inclusive Framework to implement the CbC reporting is compliant with the BEPS Action 13 minimum standard. The three-phase peer review, each phase starting respectively in 2017, 2018 and 2019, is

carried out to ensure confidentiality, consistency and appropriate use of CbC reports. During phase two (starting in 2018), which is now being conducted, the review mainly focuses on the exchange of information framework and appropriate use of CbC reports.

Since Public CbCR in the EU intends to make publicly available information which is agreed to be undisclosed in BEPS Action 13, there is a risk of making it difficult to "ensure fair competition conditions through the concerted implementation of the BEPS agreement". Therefore, Japan will continue to approach other countries through various opportunities.

Also, phase two (starting in 2018) of the peer review of CbC reporting is now being conducted which mainly focuses on the exchange of information framework and appropriate use of CbC reports. Japan will carefully examine findings from each phase of peer reviews with respect to the frameworks and implementations of other member jurisdictions of the Inclusive Framework, and discuss universal approach to ensure that all member jurisdictions of the Inclusive Framework put in place the legal and administrative framework to implement CbC reporting in a manner conforming to the BEPS Action 13 minimum standard.

General, paragraph 8

Reply:

Refer to the response to paragraph 1 in WP-1/#05

General, paragraph 9

Reply:

The BEPS Action 14 minimum standard requires that countries should provide transparency with respect to their positions on MAP arbitration. Japan's policy is to introduce arbitration provisions in as many tax treaties of ours as possible. Based on this policy, as of 31 December 2018, Japan has already introduced arbitration provisions in 18 tax treaties, including treaties with 13 EU Member States: Austria, Belgium, Denmark, Estonia, Germany, Latvia, Lithuania, the Netherlands, Portugal, Slovenia, Spain, Sweden and the United Kingdom.

In addition, Japan deposited the instrument of acceptance of the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting with the Secretary-General of the OECD on 26 September 2018, and chose to apply the mandatory binding arbitration provision, aiming at extending arbitration provisions to existing tax treaties that have not yet contained such provisions.

The Government of Japan believes introducing arbitration provisions in a bilateral tax

treaty helps ensure legal certainty for taxpayers and promote further sound mutual investments and economic exchanges between the two signatories. The Government of Japan will continue to work on introducing arbitration provisions through bilateral negotiations and the Multilateral Convention.

Particular 1

Reply:

Corporate tax reform in the FY2015 and FY2016 Tax Reform aimed to reform the structure so that the burdens of corporate tax will be shared more broadly by ‘expanding the tax base while reducing the tax rate’, through revision of special tax measures etc.

The GOJ promoted the corporate tax reform further from the viewpoint of securing the realization of the virtuous economic cycle and reduced the percentage level of the statutory corporate income tax rate down to the twenties in FY2016 Tax Reform.

The GOJ has realized the aimed reduction of the percentage level of the statutory corporate income tax rate down to the twenties in FY 2016 Tax Reform, and will consider the effects hereafter.

Particular 2

Reply:

Refer to the response to paragraph 1 in WP-1/#05

Particular 3

Reply:

The Japanese government has actively been promoting the goal of attracting 35 trillion yen inward foreign direct investment (FDI) by 2020. Toward expansion of inward FDI, improvements in regulations and administrative procedures and reform of corporate governance have been implemented. The Government introduced the New Regulatory Sandbox framework as one of the mechanisms for regulatory reform in order to facilitate realization of innovative technologies and business models in Japan. These measures promote healthy competition in attracting investment. The Government will implement improvement of business-friendly environment through removing impediments to business and growth.

Particular 4

Reply:

From the viewpoint of further promoting investment and economic exchanges

between Japan and the EU Member States by eliminating double taxation through reducing the source country taxation on investment income and introducing arbitration proceedings, the Government of Japan has been actively expanding its tax treaty network between Japan and the EU Member States. In 2018, six new or wholly amended tax treaties were signed or entered into force with the EU Member States as follows:

- (1) Lithuania (new, entered into force in August)
- (2) Estonia (new, entered into force in September)
- (3) Austria (revision, entered into force in October)
- (4) Spain (revision, signed in October)
- (5) Croatia (new, signed in October)
- (6) Denmark (revision, entered into force in December)

The Government of Japan will actively continue to expand its tax treaty network with the EU Member States, to further promote investments and economic ties between Japan and the EU.

Working Party 2 Life Sciences and Biotechnologies, Healthcare and Well-being

WP-2 / # 01* / EJ to EJ Progress on mutual recognition for Pharmaceuticals GMP should be further extended

Reply:

The product scope of mutual recognition on good manufacturing practice (GMP) for medicinal products, based on the Agreement on Mutual Recognition between Japan and the European Community, has been extended since July 17 2018. This expansion includes active pharmaceutical ingredients (APIs), sterile products and certain biological pharmaceuticals, including immunologicals, vaccines and medicinal products by cell culture utilizing established human cell lines, however, medicinal products derived from human blood or plasma or from other substances of unspecified human donor origin remain excluded from the coverage of the scope, since the applicable GMP requirements and their implementation are not equivalent between Japan and EU.

WP-2 / # 02* / EJ to EJ Mutual recognition should be improved for Medical Devices

Reply:

The global harmonisation of medical device regulation including QMS regulations

needs to be discussed. The Government of Japan will move forward with the global harmonisation of medical device regulations through the activities such as in the International Medical Device Regulators Forum (IMDRF) together not only with the EU but also with the U.S. and other countries.

WP-2 / # 04* / EJ to EJ There should be mutual recognition of GMP for Animal Health products

Reply:

Japan and the EU have harmonized technical requirements for data necessary for the registration of veterinary medicinal products (VMPs) and have accepted technical data collected in them. On the other hand, two face-to-face meetings between Japan and EU regulators were held to start discussion on the harmonization of GMP certification.

Japan recognizes that mutual recognition for human medicinal products and VMPs has never been implemented among major countries including the EU. Japan accepts technical data on VMPs in the EU; however, the standardization of evaluations of them is not practical, due to the differences in the biological characteristics of pathogens, antimicrobial susceptibilities, and situation in livestock production, etc. between Japan and the EU.

VMPs that are approved and distributed in Japan must comply with the GMP provided by the Japanese competent authority to ensure that those products are consistently produced and controlled under the quality standards appropriate to their intended use. Japan believes that the requirements of Japanese GMP (ex. name and address of manufacturing site, name and title of responsible person for GMP, outline of production process, self-inspection report for GMP and GMP certification issued by foreign competent authorities or equivalent organizations) are not more stringent than those of the EU. Japan continues to discuss further harmonization regarding GMP certification with EU regulators in technical levels.

WP-2 / # 07* / EJ to EJ Reform of the pharmaceutical pricing system should provide a stable, predictable environment that rewards innovation

Reply:

The Government of Japan (GOJ) conducted the Fundamental Reform of Drug Pricing System, which was developed taking into consideration of opinions from competent parties including western pharmaceutical associations in the Central Social Insurance Medical Council, in order to take care both of “sustainability of the universal health coverage” and the “promotion of innovation”.

Regarding the Premium for the pricing premium system for the promotion of new drug development and the elimination/resolution of off-label use(so called PMP), there had been criticism that it could be applicable to virtually all new drugs as long as the manufacturers would meet the company criteria. The GOJ established new criteria for eligibility for the PMP to ensure that it shall be given to truly innovative and beneficial drugs.

Since the company indicators regarding the PMP were newly introduced in the 2018 Reform, the GOJ will review the validity and appropriateness of these indicators in terms of how these indicators are likely to be related to the innovation of pharmaceutical companies and elimination of drug lags.

The GOJ will take appropriate measures in the revision of the medical treatment fee in FY 2020, if necessary, taking into consideration of the impact to the drug development, manufacture and distribution etc. made by the Fundamental Reform of Drug Pricing System, including the revision of the rule the PMP and long-listed products prices.

WP-2 / # 10* / EJ to J Health Technology Assessment (HTA) should be introduced with caution so that it does not become a barrier to patient access

Reply:

In Japan, the necessary and proper drugs/medical-devices with confirmed efficacy and safety are basically reimbursed under the universal health coverage. In the trial adoption, cost-effectiveness evaluation was used for repricing, not for initial reimbursement pricing decision. From FY2016, the trial adoption of cost-effectiveness evaluation was initiated for 13 drugs and medical-devices. Based on the results of the trial adoption, some of the target items were repriced in the revision of the medical treatment fee in FY 2018. Through the trial adoption, the technical problems of cost-effectiveness evaluation were revealed.

For the implementation of full-scale cost-effectiveness evaluation, the government will marshal and address the issues clarified in the trial adoption while drawing a conclusion in FY2018. From the viewpoint of the supplemental system of the pre-existing drug and medical device price system, the Government of Japan is now conducting concrete discussions toward full-scale introduction of cost-effectiveness evaluation at the Central Social Insurance Medical Council.

WP-2 / # 11* / EJ to J Review times for Plant Protection & Biotechnology products should be shortened

Reply:

We will assess if the new procedure is working as intended. In addition, acceptance of several sections of summary dossier in English is under consideration.

Working Party 3 Digital Innovation and Mobility

WP-3 / # 01* / EJ to EJ Cooperation for Global Digital Trade Rule Making

Reply:

As a co-convener of the WTO Joint Statement Initiative on Electronic commerce, the Japanese government is leading the discussion on creating new rules in the field of electronic commerce. Also, Japan-EU Economic Partnership Agreement (EPA), which is scheduled to come into effect on February 1, 2019, provides rules regarding electronic commerce such as prohibition of mandatory disclosure of a source code. With regards to the need for including the provisions on the free flow of data between Japan and EU in the agreement, the EPA stipulates to reassess within three years of the date of entry into force of this agreement, and the Japanese government will renegotiate with the EU in the future.

Japan continue to work to form common position and promote cooperation through international fora such as G20, G7, OECD, APEC, WTO, and FTA/EPA in order to develop digital trade and to prevent the proliferation of digital protectionism. At the same time, Japan exercises its leadership to form high-standard rules on digital trade through WTO and FTA/EPA.

Regarding to ITA/ITA Expansion, Japan will continue to work toward expansion of participants.

WP-3 / # 02* / EJ to EJ Privacy Protection and Innovation towards Digital

Economy

Reply:

On July 2018, the Personal Information Protection Commission Japan (PPC) and the European Commission agreed on the establishment of the framework for mutual and smooth transfer of personal data between Japan and the EU. After internal procedures by both Japan and the EU, the PPC has designated the EU pursuant to Article 24 of the Act on the Protection of Personal Information in conjunction with an adequacy decision for Japan to be made by the European Commission.

The PPC will continue to closely cooperate with the European Commission and the data protection authorities of the EU to smoothly operate the framework for transfer of

personal data between Japan and the EU.

Regarding transfer of personal data between Japan and the UK after the Brexit, the PPC and the UK authorities have reached a consensus to ensure smooth transfer of personal data after the Brexit. Also, the PPC has requested to the authorities of the UK and the EU to make sure that the Brexit should not affect smooth transfer of personal data between them.

In addition, the PPC will make an effort so that Japan will play a leading role to harmonize the personal data protection systems internationally and to ensure interoperability.

WP-3 / # 03* / EJ to EJ Social Deployment of AI Technology

Reply:

In order to improve social implementation of AI in a better form and share the activity, the Japanese government holds "Council for Social Principles of Human-centric AI" to discuss AI-ethics which we should consider in medium to long term research and development of AI-technology and utilization etc.

At the Council, we discuss with the experts of multi-stakeholders of industry, academia, civil society and government officer aiming for formulation of "Social Principles of Human-centric AI " in the spring of 2019.

Furthermore, based on this activity of the whole government, the Ministry of Internal Affairs and Communications (MIC) continues the study on refining the "Draft AI Utilization Principles" which has been compiled as matters that users are expected to consider.

WP-3 / # 05* / EJ to EJ Cooperation Towards Digital Economy

Reply:

Japan and the EU advanced the discussions of important issues in the ICT field through the framework of Japan-EU ICT Policy Dialogue and Japan-EU ICT Strategy Workshop.

Regarding the challenges shared by Japan and the EU on data economy such as 5G, Cybersecurity and free flow of information, Japan and the EU will continue to further their discussions through the framework of Japan-EU ICT Policy Dialogue and the Japan-EU ICT Strategy Workshop based on the expectations of related industries.

WP-3 / # 06* / EJ to EJ Skill Development for Digital Economy

The emergence of AI and robots brings transformations to various scenes of daily life.

This may largely influence the need of white-collar-workers with conventional mid-level skills which accounts for the majority of employment in Japan, on the other hand, this may also create new employment needs including mid-level skills through the change of the business process.

Therefore, we are implementing efforts such as programming education for children or recurrent education for employed persons that will contribute to the development of human resources who can play an active role in the IoT/Big Data/AI-advanced society. In addition, on 27-28 March 2018, G7 Employment and Innovation Ministers Meeting held in Montréal, Canada and discussed the effects of new innovation such as IoT/Big Data/AI on society, economy and labor market as the theme of Preparing for jobs of the future.

We will continue to make efforts to contribute for further development of human resources who can play an active role in new economic and social systems.

WP-3 / # 10 * / EJ to EJ Seamless Approach Towards Digital Society

Reply:

Japan and the EU held the 1st High-level Industrial, Trade and Economic Dialogue in Tokyo in October, 2018 with a view to discussing issues such as digital economy including cyber security and Artificial Intelligence (AI) and they shared the view on promoting their further cooperation in these fields.

Ministry of Internal Affairs and Communications (MIC) of Japan, National Institute of Information and Communications Technology (NICT) and Communications Networks, Content and Technology (CNECT) held the Japan-EU Symposium on ICT Research and Innovation in December, 2018 in which they confirmed the outcome of their collaborative research in ICT fields such as 5G and IoT, eHealth and agreed on their further collaboration in these fields of research.

In addition, MIC established a booth in order for displaying the results of Japan-EU collaborative research and disseminated successfully its importance at the ICT2018 co-hosted by European Commission and the Government of Austria.

Japan and EU held the Japan-EU ICT Policy Dialogue and the Japan-EU ICT Strategies Workshop in December, 2018 in which they exchanged their views on key challenges in ICT fields such as 5G, IoT, AI, international standardizing, cyber security, as well as digital economy and confirmed the continuation of the Japan-EU dialogue.

Working Party 4 Energy, Environment, and Sustainable Growth

WP-4/#02*/EJ to EJ Basic energy policies

Reply:

Based on the direction presented in the 5th Strategic Energy Plan, which was approved by the Cabinet in July 2018, we will make efforts such as thorough improvement of energy efficiency, maximum introduction of renewable energy, high efficiency of thermal power generation, securing of resources, restarting of nuclear power which was confirmed safety, in order to realize the energy mix for FY2030. As to restarting nuclear power generation, the Ohi Nuclear Power Plant's No. 3 and 4 reactors and the Genkai Nuclear Power Plant's No. 3 and 4 reactors resumed operation in 2018. In total, there are 9 reactors in operation. The Nuclear Regulation Authority will continue to examine whether the other nuclear plants meet the new regulatory requirements.

Regarding discussions on medium- and long-term energy policies, we will continue to consider our actions by taking into account various opinions including those from experts.

Furthermore, during Japan's G20 Presidency, Japan will host "the G20 Ministerial Meeting on Energy Transitions and Global Environment for Sustainable Growth" on June 15-16, and to discuss possible actions which G20 members can take toward achieving a virtuous cycle between growth and environment on a global scale and promoting worldwide energy transitions.

WP-4/#05*/EJ to EJ Renewable Energy

Reply:

In the Strategic Energy Plan (cabinet approval in July, 2018) renewable energy was positioned as a primary power source. The Government of Japan's basic policy on renewable energy is to maximize the introduction of renewable energy while reducing public burden. Under the revised Feed-in Tariff (FIT) Act put in force in April 2017, the authorization system has been reformed to eliminate uncommission projects and prevent the occurrence of new uncommission projects. This Act also encourages cost-effective introduction of renewable energy through the introduction of auction scheme for large-scale solar and biomass power projects. At the same time, it provides multi-year FIT tariffs for long lead-time power sources such as wind, geothermal, biomass, small & mid-scale of hydro, which secures longer foreseeability and support new entrants. In order to achieve the energy mix goal of renewable energy (22 to 24% of the total

power generation in 2030, formulated in July 2015), the Government of Japan will (1) reinforce efforts of cost reduction through setting mid- to long-term price targets and utilizing auction scheme, (2) secure a long-term stable business operations, (3) overcome grid constrains, and (4) secure operational flexibility.

WP-4/#06*/EJ to EJ Smart Grid and convergence of Electric distribution networks with ICT

Reply:

Regarding storage batteries, the Japanese Government has supported demonstration projects to utilize batteries as a reliable energy resources in virtual power plants which balances electric power supply and demand by controlling energy resource from the demand side. In addition to this, it have developed research and development project to reduce cost of batteries technologies, and have demonstrated large-scale storage batteries. Furthermore, from 2018fy, the Japanese Government have conducted project to utilize EV as energy resources to balance electric power supply and demand.

The Japanese government will promote early installations of storage batteries by continuous research and development, and demonstration projects for enhancement of various uses, such as virtual power plants, and cost reductions and early installations.

WP-4/#08*/EJ to EJ Energy conservation & energy efficiency

Reply:

To thoroughly promote energy conservation in the residential and commercial sectors, in accordance with the Top Runner Program under the Act on the Rational Use of Energy, the Japanese government set energy efficiency target standards for automobiles, home appliances, building materials, and other products (Currently, 32 equipment and materials are in range of the act). In the Program, the manufactures and importers of these products are requested to meet the energy consumption efficiency standards.

In accordance with the WTO Agreement on Technical Barriers to Trade (TBT), Japan notifies other WTO members of an outline of these performance target schemes at an early stage.

The Japanese government set mid-long term energy efficiency target standards for operations in factories and offices for each industry and business sector, mainly for energy intensive industries, and encourage those sectors to improve energy efficiency further towards those targets.

To drive energy conservation measures for houses and buildings, in accordance with Act on the Improvement of Energy Consumption Performance of Buildings, the Japanese

government mandated that new, and large non-residential buildings must be constructed to meet the energy efficiency standards effective in April 2017. In addition to this, the Japanese government is working toward the popularization of zero-energy houses and buildings.

The Japanese government will continue to strengthen its energy conservation measures for both sectors through regulatory measures in accordance with Act on the Rational Use of Energy and Act on the Improvement of Energy Consumption Performance of Buildings and through assistance measures such as subsidies. Regarding passenger cars, new fuel economy standards will be formulated based on the achievement of the current standards targeting fiscal year 2020.

WP-4/#11*/EJ to EJ Promotion of resource efficiency and the circular economy

Reply:

Japan and the EU discussed resource efficiency and circular economy at the First Japan-EU High-level Industrial, Trade and Economic Dialogue in October 2018, and the 17th Japan-EU High Level Meeting on the Environment held in the same month. Under the framework of Japan-EU Industrial Policy Dialogue, regulatory cooperation on the resource efficiency was discussed, and Japan and the EU shared information and exchanged views on international resource circulation and the latest policy trends related to resource efficiency at both the Standards and Certification WG held in February and the Climate Change and Environment WG held in April 2018. Japan and the EU will continue the discussion and cooperation towards developing the harmonized common rules to improve resource efficiency. The World Circular Economy Forum was held in October 2018 with active participation of the EC and businesses from EU area. At the G7 and the G20, efforts toward promoting resource efficiency and circular economy were implemented, including the Workshop under G7 Alliance on Resource Efficiency in Canada in June 2018 and the G20 Resource Efficiency Dialogue held in Argentina in August 2018. The Government of Japan will further promote discussion and information sharing with industry and other stakeholders through the Alliance and dialogue etc.