

Part III

Highlights of Recommendations by Working Parties

All Working Parties under the BDRT carefully reviewed and evaluated the Progress Reports which both Authorities had provided in response to the 2005 BDRT Recommendations. Out of 94 Recommendations including sub items, 46 items (49%) have been evaluated as progress undertaken and the same number of 46 items were assessed as no progress observed, with the remaining 2 items as unable to evaluate. One of the major characteristics is that 87 items out of such 94 items are to be resubmitted in the Recommendations for 2006 with or without different points of view, which means that the majority of such recognised progress is rather partial. The BDRT requests continuous further efforts and actions by both Authorities.

Having reviewed and discussed the Working Party reports on Trade & Investment, Accounting & Taxation Issues, Information & Communication Technologies, WTO and Life Sciences & Biotechnology, the BDRT determined to submit a total number of 99 Recommendations this year. With regard to the Working Party on Sustainable Development (WP6) which submitted 6 Recommendations regarding global warming last year, the BDRT requests that both Authorities continue efforts and actions for further progress in addition to some progress observed so far.

Trade and Investment

Optimising returns of investment is crucial in stimulating investment and trade flows between our countries. We would, therefore, encourage both Authorities to continuously address the important issues of avoiding double taxation, reducing compliance costs associated with transfer pricing and participation exemption. The revised tax treaty between the UK and Japan signed in February 2006 could serve as an example for encompassing tax treaties to be negotiated also between the governments of the EU and the government of Japan.

We are encouraged by the continuous close dialogue between the EU and Japan on regulatory reforms. Much more effort, however, is still needed if unreasonable authorisation procedures hindering the trade of products and services are to be fully abolished. In order to avoid the creation of a new barrier to trade when introducing new standards, a mechanism should be put in place to ensure standard convergence.

The BDRT takes note of real progress made during the past year but maintains that it is important to accelerate the implementation of all Recommendations in order to eliminate the outstanding structural barriers to investment and trade between the EU and Japan.

Accounting and Tax Issues

In the field of Accounting, from viewpoints of rule-setting of capital market, BDRT Members summarised Recommendations regarding the convergence, contribution for rule-setting of capital market and accounting standards for business combination.

The points that should be emphasised are as follows.

- Beneficial dialogue among parties in EU-side, US and Japan to accelerate progress towards convergence
- Reconsideration of accounting standards for business combination

And, in the field of Tax, from viewpoints of promotion of investment, BDRT Members summarised Recommendations regarding points as follows.

- Comprehensive Double Taxation Convention
- Proactive and flexible practice on the consolidated tax system, tax haven regulation

Information and Communication Technologies

In 2006, the Japanese government drew up the “IT New Reform Strategy” and “The 3rd Science and Technology Basic Plan”. The EU conducted the mid-term review of the Lisbon Strategy that had been formulated in 2000, and launched the “i2010” initiative (European Information Society 2010) and undertook its implementation. BDRT members expect those programmes to be steadily implemented to develop an advanced ICT society that enhances the quality of life of every citizen.

In drafting Recommendations in 2006, the BDRT members discussed 5 themes: “Benefits from ICT for society”, “Security (including e-government) issues”, “R&D cooperation with particular focus on international standardisation initiatives”, “Regulatory environment allowing a dynamic development of the ICT World”, and “IPR Policy”. As a conclusion of its discussions, the BDRT reached an agreement that both the EU and Japanese Authorities’ proactive approaches on 18 specific items are essential for businesses of the EU and Japan to promote investments and business activities to address those issues. General descriptions of those items are as follows.

- Approaches to common issues to the EU and Japan such as overcoming social problems by utilising ICT and promotion of education of children for the future generations.
- Further partnership between the EU and Japan concerning R&D and international standardisation in ICT areas such as the next generation network and digital home.
- Development of a regulatory environment by the EU and Japan such as deregulation for promotion of digital convergence, open access to markets, and further competition by businesses.

Life Sciences and Biotechnology (LS/BT)

The action plans issued by the Authorities in 2002 for the promotion of LS/BT have been implemented, and BDRT members have appreciated the progress seen thus far. In 2006, the 3rd S&T Basic Plan started in Japan, and FP 7 will be finalised for adoption in the EU. BDRT members call on both authorities to prioritise the LS/BT fields in the implementation of those plans.

Also, BDRT members propose that both Authorities establish “National LS/BT Understanding Promotion Plans” for a holistic approach to smoothly realise LS/BT benefits for society. This also will encourage the proper implementation of the existing frameworks for GMOs, which is the top priority for Industrial as well as Plant Biotechnology.

Discussions in the EU and Japan, which both face ageing populations and low-rate economic growth, have looked at strategic approaches which their respective authorities can take to focus on new economic growth leveraged by “Innovation” and the control of healthcare costs. A pricing policy for healthcare products, especially for medicines, that encourages innovation would contribute to healthcare cost efficiency as well as the improvement of public quality of life. BDRT members encourage forums for dialogue between high-level authority and industry representatives to discuss at one table ways to achieve a balance between industry promotion and pricing policy. Changing the viewpoint on “healthcare expenditures” from a “Cost” to an “Investment” may be the first step.