

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

Tokyo, 3-4 July 2008

**Working Party 3
Information & Communication Technologies (ICT)**

3-EJ-1: Governments' Support towards Development of a Low-Carbon Society

ICT has a tremendous potential to mitigate the challenges of climate change, and to develop a low-carbon society. ICT services and solutions are fundamental to tackle climate change and can enable other sectors to reduce their own carbon footprint.

ICT applications can deliver energy savings and carbon emission reductions, and do so in a way that drives even greater economic growth and productivity. In the short term, ICT will be a key enabler to global energy use accounting, whilst in the long term, it will play a critical role in process management and optimization in increasingly complex systems. Technologies to facilitate human to human communication are the traditional domain of ICT applications, but machine to machine communication used to optimize and automate processes and human to machine communication to measure, monitor processes and improve decision making, will be at the heart of ICT's role. Collaborative technologies as e.g. videoconferencing, telecommunications applications can help offset emissions through avoided travel and building space savings.

Another strength of ICT has been "Streamlining" and "Power Saving" by promoting introduction of e-Government/municipality, e-carte, ITS, telework and others, which enable us to enhance existing operating efficiencies and processes, optimize the performance of energy-using, and transform everyday activities to reduce overall CO₂ emissions and energy consumption. European Digital Industry has been active and communicated widely the opportunities the ICT can provide to reduce environmental impact (EICTA Report: High Tech/Low Carbon, 2008)

In order to expedite the introduction of the solutions, both governments are requested to develop measures and processes for the measurement of GHG reduction by ICT, which visualize the reduction effects to environmental burden, and thus improve persuasiveness to a market.

On the other hand, it is recognized that consumption of energy by ICT equipments such as network equipments, servers, and storages will be increased along with expanded use of ICT. This aspect encompasses a large cost for additional energy and other mechanisms to deal with misuse of the Internet including Internet spam, which is invested by communication carriers, Internet Service Providers, and other network operators. We should pay more attention to assessing how best to combat misuse of the Internet in order to reduce the energy cost factors and help the environment, and thus replace the cost with more meaningful investment. In addition, the materials and design choices of equipment have an impact on their overall environmental impact and, therefore, both industry and government should continue to strive to promote innovative technology development toward next generation environment conscious ICT products, as well as to continue to promote social system that recycling of secondhand ICT equipments is practiced to reduce their environmental burden.

In this regard both industry and government should support the initiative "Dynamic Coalition on Internet and Climate Change (I &CC) in the framework of the Internet Governance Forum" just launched by the ITU and supported by the Ministry of Internal Affairs and Communications (Japan), The Energy Resource Institute (TERI, India), and the Global e-Sustainability Initiative (GeSI) with the aim of moderating the environmental impact of the Internet and of seeking new ways to embrace the power of the Internet for reducing greenhouse gas emissions worldwide.

The climate change is a complex issue for mankind in that it requires us to achieve a good balance between environment stewardship and social/economic sustainable growth. We must unite our wisdom, pursue innovation that inspires us to change technologies, institutions and behavioral patterns. ICT is a platform for promoting innovation. Both governments are recommended not only to promote R&D and field trials for the innovation, but also to share the results to enlighten others among developed countries and developing countries where we foresee that the use of ICT applications will be expanded in the future, for contribution to the development of a low-carbon society.

Both governments are recommended to establish an evaluation method of assessing contributive factors of ICT solutions to the climate change, to assess the multiple barriers (behavioural, needed upfront investments, lack of capabilities and skills and awareness) which need to be overcome if we are going to realize the opportunities ICT can deliver through concrete policy action, as well as play a key role for facilitating reduction of environmental burdens of ICT equipments, and speeding up innovation to address the issue. As an immediate next step, we expect that the G8 ministers raise and discuss the issue of ICT and sustainable development at the July 2008 G8 Hokkaido Toyako Summit, for the purpose of better understanding the relationship between ICT and the environment and this topic's future impact on sustainable development.

3-EJ-2: Fundamental Review of the Copyright Levy System/the Compensation System for Audio and Video Private Copying / Improvement of the Current Levy System

In order to promote further lawful dissemination of digital content, it is necessary to implement dialogue/cooperation between Japan and EU concerning preparation for a thorough stakeholders' discussion on the compensation system for private copying. Currently the compensation is paid by means of copyright levies, a system which still dates back from the analogue era (at least in Europe). Copyright levies are a way to compensate the revenue loss caused by private copying, but they are not intended to fight piracy.

This move is based on already common business models utilizing DRM, as well as other emerging business models, including the on-line distribution of content on the basis of contracts with individual users, which also is expanding. In these cases copyright levies may impose a double payment for consumers. In reviewing the systems, we should take into consideration in a comprehensive manner the methods available to secure compensation for right holders and creators while respecting the current system of exclusive rights. Furthermore new distribution practices, where the collection of payments for economic benefit is more directly related to the use of copyrighted work, are feasible with the support of advanced technology and appropriate contracts. The goal should be to enable the establishment of a system which is transparent, fair and equitable to such interested parties as consumers, right holders and equipment providers.

The current system should be improved to be more fair, transparent and equitable with due consideration to technological progress, actual use of content and also competition in the market. The method to calculate levies based solely on memory capacity without taking into account the actual usage of the product for private copying and so the harm to the right holders resulting from the act of private copying, should not be maintained, as it is not in line with the EU copyright directive and would deter the introduction of advanced recording media technology that meets user's need. The calculation method should be replaced with one that more closely reflects the actual damage to the copyright owner by private copying and will not disturb technological progress and the developments towards an Information Society for all.

3-EJ-3: Maintenance of the WTO's Information Technology Agreement (ITA)

We express strong support for maintaining the Information Technology Agreement (ITA), one of the most successful trade agreements of our time. The increased access to IT products generated by the ITA has led to greater innovation, consumer welfare, productivity, trade, investment, and economic growth worldwide. ITA signatories are obligated to bind and eliminate customs duties on covered IT products. However, it is noted that there are concerns around the world over ITA-covered products being taxed as dutiable and new

convergence-technology devices are under threat of losing their zero-tariff status.

We strongly believe that ITA signatories should be providing more, not less, market access opportunities for IT products. The letter and spirit of this market-opening agreement must be maintained and the ITA commitment to “bind and eliminate” duties on covered products must be respected. As a priority, both governments should do their best to ensure that the maintenance of the current ITA is achieved. In addition, we encourage governments to work towards a wider global adoption of the ITA.

3-EJ-4: Development of a Dynamic Society with Next Generation Network (NGN)

G8 countries including EU and Japan are faced with the prospect of decline or slighter increase of their population, and are predicted to be at the time of softening GDP growth, in contrast with developing countries. By deployment and utilization of NGN with advanced technologies allowing more QoS and security, it is expected that social issues, such as aging society, nursing/medical care, unemployment, crime/disaster prevention, and energy/environmental issues will be addressed. It is also expected that NGN contributes to promote economic growth in EU and Japan inter alia by accelerating partnerships with developing countries to share economic wealth and to create a dynamic society.

Therefore, both governments should have a wide cooperation to promote the deployment and the utilization of NGN. Specifically, collaboration on international standardization of the NGN related technologies is recommended. Supportive policies and institutional reform are also recommended to promote utilization of various broadband services with NGN, such services as healthcare including remote medical care, telework, home security, human resources training and lifelong education using e-learning, entertainment such as video delivery, and SNS for regional and international cohesion. A framework should be developed, in which open collaboration will be facilitated among various industries.

It is necessary to accelerate the utilization of NGN through those governments’ supports, and as the result, we think that competitiveness of both industries will be reinforced and national wealth of both EU and Japan will be enriched. Both governments are recommended to extend best practice sharing of network usage in each country and region, and analyze and share success factors and barriers, in order to expedite the network usage and to promote the development of a dynamic society.

3-EJ-5: Key Role of Regulations for Investment in Network

Against the background of the telecommunications industry’s rapid technological innovation including the shift to Internet Protocol based services,

and in response to developments in the sector as entrance of new types of competitors and new business models and user expectations for innovative services regulation should be adapted to this changing environment on a regular basis. By promoting various broadband technologies, consumers will be able to enjoy additional benefits, and prospects for sustainable competition can significantly be enhanced.

In order to achieve such a condition, it is necessary to ensure that there are appropriate conditions for investment and that further infrastructure-based competition is stimulated. The substantial investment needed in network deployment and update carries high economic risks due to uncertain future demand, as well as high regulatory uncertainty including the wholesale access price regulation, retail price regulation and interconnection regulation that impact on the return on investment. Therefore, we repeat that the regulatory environment should provide incentives for network investment, allowing proper return on ICT investment. Policy-makers play a key role in determining the future of ICT investments and innovations.

Thus governments are recommended to create a regulatory environment for favourable business and investment climate.

3-EJ-6: Accelerating Innovation by Convergence / Federation of Communication and Broadcasting

Along with the rapid innovation of ICT technologies, new services are arising beyond the existing framework of communication and broadcasting. We recognized that both governments are addressing fundamental review of legal frameworks at this moment in response to the demands of this era of convergence / federation of communication and broadcasting. We hope an institutional environment in which flexible business operations are allowed, in view of reinforcement of international competitiveness of ICT industry through emergence of new market with technological progress and innovation that we pursue.

Therefore, both governments are recommended to create the institutional framework in each country, and have dialogues and collaboration to ensure international consistency. Specifically, we suggest having discussions on promotion of international distribution of digital content, and a principle of nondiscrimination about content regulation regardless of countries.

3-EJ-7: Enhanced Cooperation for Security of Critical ICT Infrastructures

Troubles of Information Security in a cyberspace arise regardless of national borders. Impacts of malfunctions of ICT are also not limited to only one country. In light of the borderless impacts that the troubles of Information Security have, it is a global challenge for us to ensure reliability and robustness of ICT infrastructure, including systems for public use. We recognize that both

regions of EU and Japan have started to address the challenge within their regions, but we recommend that both governments collaborate more to enhance international cooperation. Since the network can easily cross national borders, effects of the national policies can be enhanced through international policy coordination.

Therefore, as well as close communication, including sharing their latest policies, at periodic conferences between EU and Japan for enhancement of international cooperation, both governments are recommended to raise this topic to assure reliability and robustness of the critical ICT infrastructures such as transportation system and financial system, which is a prerequisite for smooth business operations, and intensify dialogues between authorities of EU and Japan.

3-EJ-8: Protection of Intellectual Property via the Envisaged Anti-Counterfeiting Trade Agreement

ICT industry includes actors all along the content distribution value chain, therefore ICT industry is strongly committed to protecting intellectual property rights, including copyrights and trademarks. Consequently ICT industry supports the involvement of the Japanese and the European Authorities in the negotiations of an Anti-Counterfeiting Trade Agreement (ACTA) that would provide for a high-level international framework strengthening the global enforcement of intellectual property rights. The ACTA could lead to better international cooperation harmonised standards and better communication between authorities. As contemplated, ACTA can enable governments to make important progress toward protecting consumers and rights holders against counterfeit and pirated goods, from pharmaceuticals, to branded products, to online music or films.

ICT industry urges the Japanese and the European authorities to consult with ICT industry on the best way forward regarding the protection of goods and services of relevance for the ICT industry included within the scope of ACTA.

3-EJ-9: Initiate a Dialogue on e-Government and Public Private Partnership

E-Government is one of the key objectives laid out in the European Commission's i2010 Action plan - and aims to bring administrations closer to citizens and businesses by providing online public services. Well developed e-Government services are also strategic for the international competitiveness of a country. E-Government enables public organisations to transform their service delivery by dismantling inefficient and costly organisational structures and focusing on the needs of the customers. The developments of e-Government services require a favourable legal environment and access to technology know-how and process management expertise. This implies considerable financial investments for the government sector.

The private sector has a crucial role to play in e-Government development and expansion. Globally the private sector invests as much as three times more than the government sector in information, communication and service technologies. Private sector participation increases competition and R&D investment, all the while allowing the public sector to reap the benefits of a well-developed e-Government sector without absorbing significant costs.

Japan and EU should initiate a dialogue on e-Government and the role of the private sector in e-Government development, how partnerships between the public and private sector can be promoted in order to stimulate the e-Government development. Best practices at both EU and Japanese level should be exchanged and the establishment of joint initiatives and measures with the aim to eliminate trade barriers should be considered.