

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

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**Working Party 3  
Digital Innovation and Mobility**

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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
CL	Copyright Levies
DEI	Digitising Europe Industry
DFFT	Data Flow with Trust
DSM	Digital Single Market
EASA	European Aviation Safety Agency
EPA	Economic Partnership Agreement
EU	European Union
FLM	Forced Localization Measures
GDPRHPC	General Data Protection Regulations
ICT	High Performance Computing Information & Communications Technology
IFR	Instrument Flight Rules
INATBA	International Association for Trusted Blockchain Applications
IoT	Internet of Things
ITA	Information Technology Agreement
M2M	Machine to Machine
NIS	Network Information Security
OECD	Organisation for Economic Co-operation and Development
SME	Small and Medium-sized Enterprise
R&D	Research and Development
WP	Working Party
WTO	World Trade Organization

## Introduction

### Digital Sector

Digital technologies such as IoT, Big Data, AI, Blockchain, 5G and Robotics are transforming business and society. These digital technologies have huge potential to achieve the SDGs. The EU and Japan have positioned the digital agenda at the heart of their respective growth strategies while reviewing and implementing appropriate regulations to foster digitalization.

Significant progress has been made on both sides. Under the Digital Single Market strategy, many regulations have been implemented in the EU and the BRT expects that the next European Commission will also make efforts to further develop the Digital Single Market. The Japanese Government has launched a flagship policy programme based on the concept of ‘Society 5.0’ where the effective use of cutting-edge technologies such as AI, Robotics, IoT and Blockchain in every industry and aspect of social life enables us to harness human creativity and create a new society of the future.

It is significant for the digital relationship between the EU and Japan that the EU-Japan EPA came into effect on 1st of February 2019 as well as the complimentary mutual adequacy recognition of data protection regulations on 23<sup>rd</sup> of January 2019. This provides a unique building-block for the EU and Japan to advance a common agenda at global level. The BRT expects further cooperation between EU and Japan on the digital agenda.

The Japanese Government has put forward the concept of “Data Free Flow with Trust (DFFT)”. Our view is that promoting free cross-border data flows will be vital not just for the digital industry but for many other industries as well. Thus, EU and Japan recognize the importance of promoting free flow of data, in particular by enhancing privacy, data protection and thereby ensuring confidence and trust in the digital economy. In order to maximize the opportunities presented by the G20 meetings in Japan and G7 meetings in France this year, the EU and Japan should take coordinated actions based on common principles towards global digital rulemaking. This will ensure that to the potential of social transformation by digital technology can be exploited and can involve other international forums such as the OECD and WTO.

To embrace the power of digital technology, both authorities are required to work together more closely. The publication of EU Ethical Guidelines on AI in April 2019 and the discussion of Japan’s Principles of Human-centric AI society are good steps in the right direction. Further EU-Japan cooperation could bring about a digital transformation that is positive, sustainable and beneficial for all. By bringing together all stakeholders and civil society in an open debate it will be possible to reap the benefits of new and emerging technologies such as AI and Blockchain.

In addition, it will be crucial to support the creation of effective stakeholder’ platforms at an international level to foster public-private cooperation on key technologies. The INATBA (International Association for Trusted Blockchain Applications) is a good example that should be supported by many countries and replicated.

The BRT thinks that all digital related policies should take into consideration globalization and inclusive growth. In addition to sharing a common recognition of the impact of digital technologies on society, jobs and the economy, the EU and Japan should specify the areas for cooperation and endeavour to create concrete projects.

### **Role of Innovation**

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

Funding programmes such as Horizon 2020, the new Horizon Europe (2021-2027) 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. Supporting the participation of both SMEs and larger companies is essential for the success in adopting the results of R&D Public Programmes and convert them into economic growth and jobs creation. Developing new mechanisms to help to facilitate new R&D outputs to the market is a further area of focus.

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. The BRT encourages the European Commission and the Japanese Government to keep on investing in common calls for proposals on projects such as the EU-Japan Horizon 2020 Calls for proposals that also should be present in the Work Program 2018-2020 and in the next Framework Programme.

The BRT also suggests fostering EU-Japan Programmes for a mutual exchange of Researchers, PhDs and students in order to allow for better collaboration in particular in certain areas of common interest such as Healthcare, Robotics, IoT and HPC.

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

5G, open innovation and startups are new contributions to innovation for which fields cooperation between Europe and Japan is crucial.

Big events like Olympic Games and World Cups are major opportunities to accelerate cooperation between Europe and Japan with regard to digital innovation.

## **Aeronautics**

EU and Japanese industries are major suppliers to the global aeronautics market. Both, however, are challenged by aggressive new entrants. In this context, joint technology and project development is necessary for both sides to maintain their technological leadership and competitiveness. EU-Japan industrial cooperation already exists in helicopters and aeroengines, but there is much more potential. More government-led cooperation and continued support from both authorities is 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**

EU and 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 a possible opportunity 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 satisfied with the meetings of the EU-Japan Space Policy Dialogue and want them to continue on a regular basis.

## Recommendations from both European and Japanese industries

### Digital Innovation

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

The BRT calls on the EU and Japanese Authorities to:

- Continue to enhance EU-Japan ICT dialogue between governments as well as with the private sector in order to facilitate the free flow of data between the EU, Japan and other parts of the world.
- Align future EU digital public policies with the concept of 'Society 5.0', which is Japan's flagship policy programme to build a super-smart society that addresses environmental, social, and economical challenges by the promotion of cutting-edge technologies such as AI, Robotics, IoT and Blockchain into every industry and aspect of social life.
- Agree on the text on the free flow of data at next EU-Japan EPA review expected within three years of the EPA coming into force.
- Lead global rule making with coordinated approach at several international fora such as G7, G20, OECD, and WTO.
- Develop a high standard for WTO rules on e-commerce building upon the joint statement of 76 members on 25<sup>th</sup> of January at the WEF Davos meeting in 2019.
- Incorporate provisions to restrict digital protectionism such as Forced Localisation Measures (FLM), prohibit tariffs and taxes on digital products and services, ensure free access to the internet, improve market access, prohibit arbitrary access by governments to information held by private sector including personal data and trade secrets to trade agreements.
- Cooperate to increase the number of member countries for an ITA/ITA expansion and coordinate with regard to third countries' violation of WTO binding commitments based on ITA/ITA Expansion.

The BRT believes that:

- The agreement of the EU-Japan EPA and adoption of mutual adequacy decisions provide a unique building-block for the EU and Japan to advance a common agenda at global level. This includes promoting the free flow of data across borders in line with Prime Minister Shinzo Abe's concept of DFFT. DFFT was introduced at the World Economic Forum in Davos in January 2019 and emphasizes the importance of trust that facilitates free flow of data.

- With rising protectionist sentiment and a growing undercurrent of distrust surrounding trade, the EU and Japan are required to demonstrate that improved trade relations can bring great value to the mutual benefit of economy and society.
- The principles of free flow of data and the avoidance of mandatory requirements for data localization will be one of the foundations of the digital economy.

### **WP-03 / # 02 / EJ to EJ Privacy Protection for Trusted Digital Society**

#### The BRT calls on the EU and Japanese Authorities to:

- Ensure the adoption and implementation of the ePrivacy Regulation is done in coherence with the GDPR of the EU
- Ensure that the definitions and possible impact on M2M data transfers does not hamper innovation and digital solutions.
- Strengthen the EU-Japan dialogue so as to create consistent personal data protection regimes around the world e.g. by promoting discussions in relevant multilateral fora.
- Promote interoperability of risk-based security and privacy protection standards across jurisdictions and align the implementation of their regulations so as to create a trusted, harmonized and future proof set of data protection environments and to ensure the free flow of data across borders.
- Enhance cooperation with third countries and international organizations to fight against digital protectionism.

#### The BRT calls on the EU Authorities to:

- Establish a mechanism for the smooth transfer of data between the EU and the UK.

#### The BRT believes that:

- Modern and flexible regulations which encourage data utilization by the private sector and interoperability of risk based security and privacy protection standards across jurisdictions have the potential to act as a catalyst for growth, jobs, innovation and trust in digital services and solutions.
- As concerns with regard to privacy protection have arisen, differences in regulations by countries in various jurisdictions have caused an increase in compliance costs and have become obstacles to efficient global operations and data-driven innovations.

### **WP-3 / # 03\* / EJ to EJ Cybersecurity for Trusted Society**

The BRT calls on the EU and Japanese Authorities to:

- Pursue international harmonization in the field of cybersecurity, especially the inclusion of global recognized standards in the EU cybersecurity certification schemes.
- Align a coherent regulatory cybersecurity framework with Japan (incl. regarding certification and labelling of IoT devices and services).
- Ensure the private sector is duly consulted for the development of cybersecurity certification schemes;
- Reinforce cybersecurity capabilities – in that regard EU and Japan authorities are required to enhance both the development of skills in human resources and the technologies to cope with the speed and complexities of cyberattacks.
- Adopt a voluntary risk-based certification mechanism.
- Address global supply chain cybersecurity risks.
- Conduct cybersecurity educational activities to raise awareness of society and businesses.

The BRT believes that:

- Security is necessary as a precondition for creating value in cyberspace. A prosperous digital society is enabled where trust exists. A Data utilization society achieved by initiatives such as Digitizing European Industries, Society 5.0 and Connected Industries will improve convenience. But without taking appropriate measures, it will increase vulnerability.
- A Global coordinated approach is effective in coping with high-level attacks. An information sharing scheme with regards to security incidents should be created between the national contact points in each EU Member States based on the NIS directive on the one hand and Japan on the other.
- Cloud computing services are within the scope of the NIS Directive. Detailed provisions will be specified by EU Member States. The NIS Directive is a vital Directive to mitigate risks of Cyber Attacks. The European Commission should work to ensure a harmonised implementation in the Member States.

### **WP-3 / # 04 / EJ to EJ Social Deployment of AI Technology**

The BRT calls on the EU and Japanese Authorities to:

- Support initiatives aiming at creating a better understanding of the potential of AI-based solutions such as through discussion fora with stakeholders, public debates with experts and researchers open to civil society, public consultations with strong use of online platforms and social media to reach and involve citizens, open strategies for AI where organisations can add expertise and comments.
- Use global fora to foster an international common understanding of holistic,

human- centred, and future-oriented AI– also by using bilateral initiatives so that as many as possible are able to benefit from AI.

- Oppose policies that pre-emptively limit or ban AI technologies through unsubstantiated prejudices and harmful speculation; instead support extensive testing of AI technology solutions across different use cases/business sectors.

The BRT believes that:

- The efforts and work done by both EU and Japan in order to align on AI Principles and Ethics will pave the way for a social acceptance of AI.
- Both government and industries need to innovate, to support a positive, sustainable and beneficial digital transformation for all,
- Also, they need to work together to adapt to technological disruptions, which by their nature are difficult to predict beforehand.

### **WP-3 / # 05\* / EJ to EJ Skill Development for Digital Economy**

The BRT calls on the EU and Japanese Authorities to:

- Take actions to build innovative ways to create new skills for new jobs and prepare all generations to gain benefits and enhance confidence in digital transformation including social acceptance of AI and other new technologies.
- Fund education programs at all levels dedicated both to young students and workers to support the creation of the skills which are necessary to fulfil the requirements of the new job opportunities coming from new technologies. An exchange program and a common effort to train the trainers should also be promoted.

The BRT believes that:

- New technologies such as AI and Robotics should be perceived as new opportunities to create better jobs and economic growth. To keep all generations close to the new jobs market conditions it is crucial that all actors (Universities, Digital Clusters, Governments, Public Authorities, Unions, Industry and SMEs associations) work together to find solutions to guarantee a harmonised match between offer and demand for new jobs and avoid resistance to change and innovation.

### **WP-3 / # 06 / EJ to EJ Creating a Blockchain-friendly Environment**

The BRT calls on the EU and Japanese Authorities to:

- Create a blockchain-friendly environment that enables businesses and consumers to be part of the blockchain landscape and promote strong international cooperation to remove legislative obstacles to blockchain applications and solutions across borders.

The BRT believes that:

- The blockchain technology has the potential to disrupt many markets as its properties enable new forms of user participation and new business models;
- Immutability of the data will lead to smart, automatically enforceable, contracts under which the authenticity of the data is clear;
- Although the principle of technology neutrality means that the same regulatory principles should apply regardless of the technology used, some changes should be blockchain specific, if the advantages of the blockchain are to be fully utilized
- The BRT welcomes the initiative of the European Commission of promoting the creation of INATBA (International Association for Trusted Blockchain Applications).

**WP-3 / # 07 / EJ to EJ    Fundamental Reform of the Private Copying Levy System (Compensation System for Private Copying)**

The BRT calls on the EU and Japanese Authorities to:

- Cooperate to thoroughly reform the levy system with regard to private copying taking into account the evolution of technology and distribution channels for lawful digital content consumption. Expansion of the current levy system to an increasing number of devices and cloud services should be avoided. Instead any new levy system must be based on independent studies that show use and demonstrate harm.

The BRT believes that:

- Any review for reform should consider, in a comprehensive manner, alternative methods available to secure compensation of rights' holders and creators from private copying as well as the development of licensed cloud-based content streaming models. The goal should focus on reforming the system in a way to be more transparent, predicable, balance, avoid distortions, and fair to consumers, rights holders, and service and equipment providers at the same time. In order to achieve these goals, we recommend, especially to EU policy makers:
  1. Keep a close look at copyright levies developments in the Members States with a view to prevent internal market distortions
  2. Ensure that Member States properly implement the EU legislation and case law;
  3. Come forward with a recommendation for a clear and common approach to the calculation and application of CL.

### **WP-3 / # 08 / EJ to EJ    Updating Connectivity for Digital Transformation for All (5G)**

The BRT calls on the EU and Japanese Authorities to:

- Reinforce initiatives regarding sharing of progress towards 5G commercial service, e.g. through sharing of trials plans and results.
- Reinforce cooperation regarding these initiatives and promote events in this domain

The BRT believes that:

- Ensuring connectivity available for all is instrumental to enjoying the benefits of digital transformation.
- 5G is a key pillar for accomplishing Society 5.0. Governments should establish policy frameworks to encourage the necessary investment from businesses and to ensure that trustworthy and secure 5G infrastructure will be available to all on a sustainable and market-oriented basis without delay.
- 5G has important consequences in all fields of industry not only for innovative services but also to tackle various global challenges such as natural disaster and infectious diseases where vast amount of relevant trustworthy data and analysis are required across borders.

### **WP-3 / # 09 \* / EJ to EJ    R&D cooperation**

The BRT calls on the EU and Japanese Authorities to:

- Maintain and reinforce strong EU R&D programmes such as Horizon 2020 and its successor, Horizon Europe, that are open to the international community, and to ensure these programmes support international standardisation, notably standardisation in advanced manufacturing, the Internet of Things and cybersecurity.
- Offer more initiatives supporting open innovation between large companies, universities and startups.
- Share information regarding the main initiatives in this domain with a focus on initiatives sponsored respectively.

The BRT believes that:

- Innovative solutions and products can contribute to the realization of a prosperous digital society only after social deployment is completed. Therefore seamless and comprehensive approaches from innovation creation to social deployment are required. Regulatory cooperation between the EU and Japan will facilitate digitalization of the society by the deployment of new services and products in both regions

- Big events such as Olympic Games or World Cups offer opportunities for innovative solutions.

### **WP-3 / # 10\* / EJ to EJ Cooperation Towards Digital Economy**

The BRT calls on the EU and Japanese Authorities to:

- Foster digitalization of SMEs and participation to digital economy.
- Foster key collaborative projects under Digitising European Industry (DEI) and Connected Industries.

The BRT believes that:

- The framework for cooperation in the Digitising European Industry (DEI) should be expanded to allow for an exchange of ideas, best displayed in the Digital Innovation Hubs. Bottom up innovation is crucial here as it will allow the various stakeholders to play to their strengths.
- The central goal of DEI is to ensure new technologies are integrated and expanded throughout the European economy. An essential condition for success rests in collaboration between various actors.
- Taking note of the European Commission's 2017 Digital Transformation Scoreboard, we must ensure cybersecurity is central in our efforts regarding the DEI initiative. We must create a safe environment for both businesses and European citizens.

## Aeronautics

### **WP-3/ # 11/ EJ to EJ      Government-Led Industrial Cooperation in Aeronautics**

The BRT calls on the EU and Japanese Authorities to:

- 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.

### **WP-3 / #12 / EJ to EJ      Cooperation in Aircraft Certification**

The BRT calls on the EU and Japanese Authorities to:

- Upgrade cooperation between Japanese and European aircraft certification authorities. Specifically, the BRT recommends the rapid signature of a Bilateral Aviation Safety Agreement (BASA) between the JCAB and the EASA establish quickly, incorporation of a maintenance activities appendix following signature of the certification appendix that would cover both type certification and maintenance activities.

### **WP-3 / # 13/ EJ to EJ      Cooperation on Navigation Regulations for Helicopters**

The BRT calls on the EU and Japanese Authorities to:

- Establish an increased level and better cooperation between Europe and Japan regarding the development of low altitude IFR routes and satellite based navigation regulations for helicopters.

## Space

### **WP-3 / # 14 / EJ to EJ    Regulatory Cooperation in Space Operations**

The BRT calls on the EU and Japanese Authorities to:

- Not lose the momentum and continue to cooperate closely on regulatory matters in the space sector.

The BRT believes that:

- Mutually open markets and cooperation are a possible opportunity for the EU and Japan to achieve their goals in space and for their industries to realize their full potential in the global market.

The EU-Japan Space policy Dialogue significantly promotes cooperation in Space and should thus continue on a regular basis.

### **WP-3 / # 15 / EJ to EJ    Technological and industrial cooperation on Japanese and European next generation of launch vehicles**

The BRT calls on the EU and Japanese Authorities to:

- Strengthen technological and industrial cooperation in the framework of the development of the products and services related to space sector including next generation launch vehicles.

The BRT believes that:

- There is a similarity regarding the environment surrounding Japanese and European national launchers: Both have the responsibility vis-à-vis each respective government to guarantee an independent access to space and due to insufficient institutional demands, both have to be commercially competitive in order to maintain a sufficient number of launches.
- Due to the rapidly emerging new satellite applications, continuous improvements are required for both the Japan and the EU in order to be competitive in the commercial market. As a lot of similar hardware developments are required in such improvements, Japan-EU cooperation is indispensable in quick and cost effective developments.

## Recommendations from European industry

### Aeronautics

#### **WP-3 / # 16 / E to J      A380 day-time operations at Haneda airport**

The BRT calls on Japanese Authorities to:

- Allow A380 day-time operations at Haneda.

The BRT believes that:

- Haneda is the preferred gateway for visitors to Japan. With the continuing impressive growth of traffic into Tokyo, Haneda needs larger aircraft such as the A380 to accommodate the growth in traffic.
- The main issue that has been identified for day-time operation of the A380 at Haneda is the wake vortex. EASA, the European Airworthiness Authority, has developed a methodology (EU-Recat) that allows to maximise the operation of the A380 into airports such as Haneda. EU-Recat is used successfully in other heavily congested airports around the world, such as Heathrow and Dubai.

## Space

### **WP-3 / # 17 / E to J      Mutual Backup of Government Satellite Launches**

The BRT calls on the Japanese Authorities to:

- Bring about a mutual backup cooperation scheme of government launches using Japanese and European launcher fleets.

The BRT believes that:

- The International Space Station future automated cargo spacecraft HTV-X could benefit from a back-up launch service aboard the future European Ariane 6 launch vehicle.