

**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

Abbreviation	Meaning
AI	Artificial Intelligence
BASA	Bilateral Aviation Safety Agreement
BRT	EU-Japan Business Round Table
EASA	European Aviation Safety Agency
EPA	Economic Partnership Agreement
EU	European Union
GDPR	General Data Protection Regulations
ICT	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
SME	Small and Medium-sized Enterprise
R&D	Research and Development
WP	Working Party
WTO	World Trade Organization

Introduction

Digital Innovation

The BRT highly appreciated that both EU and Japanese government have positioned the digital agenda at the heart of their respective growth strategies and achieved significant progress since the last Business Round Table held in May 2019.

It has to be noted that COVID-19 revealed that digital transformation is required in sectors more than ever.

With COVID-19 global pandemic, the EU and Japan are facing unprecedented challenges to balance the health and well-being of our societies, and economic activities. The BRT urges both authorities to mobilize all necessary tools for the development and deployment of innovative solutions and products to cope with the containment of COVID-19 and the post-COVID-19 recovery.

The BRT is supportive of the concept that building trust between stakeholders is essential to achieve digital transformation. We believe that an open debate between stakeholders and the civil society will reap the benefits of digital transformation.

The BRT welcomes that EU and Japan recognize the importance of promoting free flow of data ensuring confidence and trust in business and society as a whole.

The BRT appreciates EU-Japan cooperation on enhancing digital connectivity as an enabler of inclusive growth and sustainable development including in developing countries by launching the Partnership on Sustainable Connectivity and Quality Infrastructure and expanded cooperation agreements between the European Investment Bank (EIB) and the Japan International Cooperation Agency (JICA).

The BRT expects further cooperation between both authorities and take an international leadership of in the area of digital transformation.

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:

- Agree on a text facilitating the free flow of data between the EU and Japan, when the next EU-Japan EPA, expected within three years of the EPA coming into force is reviewed.
- Implement the EU-Japan EPA's Regulatory Cooperation framework to facilitate the digital transformation on both sides.
- Work with industry and like-minded governments to address policies and practices of third countries that unjustifiably restrict the movement of data and create unfair competitive conditions, including market-distorting subsidies, unjustified forced data localization measures and other requirements to use local servers and software.
- Stay committed to free trade and multilateralism and develop a high standard for WTO rules on e-commerce to secure the strongest possible commitments for confronting barriers to trade and facilitating the development of strong, interoperable regulatory frameworks in areas like privacy and cybersecurity.
- Continue to lead in seeking a permanent moratorium on customs duties on electronic transmissions.
- Work with industry and like-minded governments to craft a balanced approach to data flows in trade agreements and international frameworks that guarantees a high level of data protection and allows data to flow freely across borders to realise Data Free Flow with Trust.
- 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 calls on the EU Authorities to:

- In the case of creating an analytical framework for measuring data flows within the EU and between the EU and other countries around the world and estimating the economic value of these by the European Commission, it is required to see further clarification of the purpose of this exercise as well as further explanation of who will conduct what measurements and how, and whether such measurements are actually technologically feasible. If the intention is to measure cross-border e-

commerce data flows, the BRT suggests that the Commission engages in an international discussion on the purpose and methods to be used.

The BRT believes that:

- Global competitive companies rely on a data exchange across borders to produce, export, market, and sell goods and services in global. Cross border data flows operated in compliance with high level data protection rules, drive growth and job creation in sectors in the digital transition area. Openness is a key driver of innovation. "Technological sovereignty" should be based on mutual strengthening of the data economies and be compatible with both parties' commitments to free trade and open markets.
- Agreement of the EU-Japan EPA and adoption of mutual adequacy decisions for the protection of personal data provide a unique building-block for the EU and Japan to advance a common agenda at global level. Recently agreed the UK Japan EPA is a good progress towards this direction. In addition to mutually promoting digital innovation and transition, efforts to promote digital trade rules at the WTO and in FTAs are necessary to support level playing fields and long-term growth perspectives.

WP-3 / # 02 / EJ to EJ Deployment of AI

The BRT calls on the EU and Japanese Authorities to:

- Support and encourage development and deployment of human centric and trusted AI applications to protect fundamental rights of citizens.
- Recognize that AI technology is constantly evolving and continuous effort of discussion is required, and that innovative governance with agility and flexibility is required to encourage innovation and at the same time avoid/reduce negative impacts on society. Regulation should only be limited to AI that generates truly serious risks while also ensuring legal stability and predictability.
- Avoid policies that pre-emptively limit or ban potentially beneficial AI applications including remote biometrics, without clear evidence of ‘high risk’ and unravelling the essential issues regarding citizens’ safety, health and fundamental rights.
- Enable extensive testing of AI applications across different use cases/business sectors to ensure its positive impact and reduce negative one.
- Enhance an open and transparent dialogue with citizens of all generations and segments to avoid misunderstanding and reveal the great potential of AI.
- Cooperate with international partners to develop common understanding and joint norms of AI to build ecosystems on global scale.
- Continue the path of the first bilateral EU-Japan cooperation to promote a human-centric approach to AI as discussed at Ministerial meeting in June 2019 and also as committed to extending the co-funding of joint projects in the 26th EU-Japan Summit and to provide opportunities for collaboration between researchers from the European Research Council and Japan Science and Technology Agency.

The BRT believes that:

- Building trust among stakeholders is essential to deploy AI in society. EU and Japanese “human centric” approaches are the right direction to build trust in AI deployment.
- To respond rapidly evolving AI technologies, combining several schemes including soft law such as voluntary labelling guidelines on AI development and usage with regular and timely updates are appropriate. Such rules should be developed in cooperation with the private sector including AI developers, suppliers and users.
- AI technology itself is neutral and can be a problem or a solution depending on how it's used. Therefore, placing legal liability on the AI developers could increase the risk of AI technology development itself, despite being neutral in nature, resulting in a decline of competitiveness in digital and other sectors.
- Discussions on potential risks of AI applications have just started on as sector-by-sector bases and it's premature to expect them to converge. The concept of “risk” differs depending on each sector and need to be in line with the existing one.

WP-3 / # 03 / EJ to EJ Privacy Protection for Trusted Digital Society

The BRT calls on the EU and Japanese Authorities to:

- Strengthen the EU-Japan dialogue to promote interoperability and harmonization between regional personal data protection mechanisms around the world to ensure the free flow of data across borders in a trusted way , in particular GDPR and APEC Cross-Border Privacy Rules (CBPR).
- Ensure that the definitions and possible impact on M2M data transfers does not hamper innovation and digital solutions.

The BRT calls on the EU Authorities to:

- Ensure that the e-Privacy Regulation currently under discussion in the EU is adopted in alignment and coherence with the GDPR of the EU, protecting data whilst allowing for innovation, ensuring the same rules apply to the same services.

The BRT believes that:

- Privacy protection is crucial to build trust in the market that can support innovations and deployment of emerging technologies.
- Different regulations by countries and regions in various jurisdictions have caused an increase in compliance costs and have become obstacles to efficient global operations and data-driven innovations.
- Uncertainty around the proposed e-Privacy Regulation and the relationship with the GDPR and AI should be tackled as fast as possible.

WP-3 / # 04* / 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, in particular the alignment between the EU cybersecurity certification schemes and regulatory cybersecurity framework in Japan and integration of the international standards including certification and labelling of IoT devices and services. Request that both governments take the lead in introducing new security technologies for the quantum computer age.

The BRT believes that:

- Security is necessary as a precondition for creating value in cyberspace and the realization of the digital transformation. Without taking appropriate measures, however, risks of increasing vulnerability might hold it back, or even seem to outweigh its benefits.
- Cybersecurity policy should be built on a shared responsibility in private and public sectors.
- 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.
- The EU's approach to establish cybersecurity certification schemes for ICT, Cloud, AI and 5G would be a great benefit to develop a safer society where IT is penetrating and indispensable. Having said that, the EU should make full use of and, if needed, amend to the minimum extent existing regulations so that the industry can comply new regulations without any unnecessary burdens. In addition, whether new cybersecurity schemes would be mandatory or not shall depend on the risk level which also makes us believe that it must be clearly defined what cybersecurity risks are in products/services or usage scenes.
- The advent of the quantum computer age is expected to make existing cryptography obsolete. New security technologies for the quantum computer age are now in the stage of practical application, and the introduction of these technologies will benefit both the public and private sectors.

WP-3 / # 05 / 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 and characteristics 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 and reliable.
- 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 supports the INATBA (International Association for Trusted Blockchain Applications) initiative. INATBA is showing a high potential for acting as a bridge between Public and Private Sector and is growing in terms of membership and staff. This will allow the Association to expand its impact and ability to work internationally at different level by promoting open cooperation in many industry sectors in which Blockchain can have a concrete impact. It is important to promote interoperability among solutions developed in different countries and sectors. Also, standardization, best practices exchange, and Public Private Partnerships are recommended. After a first year of activity where INATBA set up its own structure and started its first activities (i.e. the organization of the first Congress in November 2019 in Malaga – Spain) it is now time to enter in a more mature phase in which the Association will advocate for a harmonized adoption of blockchain solutions in Europe, Japan and at the global level.

WP-3 / # 06 / 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 consumption of digital contents. 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 the actual use of copyrighted works and demonstrate the harm to the right holders resulting from the use.

The BRT believes that:

- Any review for reform should consider, in a comprehensive manner, alternative methods available to secure adequate 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 to be more transparent, predicable, and balanced, and to avoiding distortions. Also, a new system shall be fair to consumers, rights holders, and service and equipment providers at the same time. In order to achieve these goals, we recommend,
 1. Keep a close look at copyright levies developments in the Member 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 a copying levy.

WP-3 / # 07 / 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.
- Share good use cases of application using 5G network.
- Reinforce cooperation regarding these initiatives and promote events in this domain.

The BRT believes that:

- Ensuring availability of connectivity for all is a necessary condition so that all citizens are able to enjoy the benefits of the digital transformation.
- 5G is a key pillar for accomplishing the digital Society 5.0. Governments and the EU institutions should establish without delay 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.
- 5G has important consequences in all fields of industry not only for innovative services, but also to tackle various global challenges such as climate change, natural disasters and infectious diseases as a vast amount of relevant and trustworthy data and analysis are required across borders to tackle these challenges.

WP-3 / # 08* / EJ to EJ Skill Development for Digital Economy

The BRT calls on the EU and Japanese Authorities to:

- Take actions and invest to raise awareness and educate for all generations to gain benefits and confidence in digital transformation including cyber security, AI, Robotics and so on.
- Support the creation of the skills which are necessary to fulfil the requirements of the new job opportunities coming from new technologies.
- Foster digitalization of SMEs and participation to digital economy.

The BRT believes that:

New technologies such as AI and Robotics should be perceived as new opportunities to create jobs and economic growth.

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

The BRT calls on the EU and Japanese Authorities to:

Enhance strategic R&D cooperation in digital programmes of Horizon Europe and the 6th Science and Technology Basic Plan, and ensure these programmes lead international standardisation.

WP-3 / # 10 / EJ to EJ Cooperation Towards Harmonised Deployment of Automated Driving (In joint proposal with WP1 Regulatory Cooperation)

The BRT calls on the EU and Japanese Authorities to:

- Enhance cooperation to harmonize regulatory frameworks and roadmaps to deploy automated and connected driving in a consistent and synchronized manner
- Continue to lead efforts to create international standards and interoperability frameworks in the domain of automated and connected driving

The BRT believes that:

- European and Japanese Industry have the potential to be front-runners in automated and connected driving which can create jobs and growth and bring innovation to our roads, increasing road safety and making our transport system more accessible.
- In order for European and Japanese companies to invest in automated and connected driving and bring solutions to the market it is necessary to have stable legal certainty and predictable market conditions which are aligned and synchronized.

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:

- congratulate all parties for the signature on June 22, 2020 of the Bilateral Aviation Safety Agreement (BASA) between the JCAB and the EASA.
- focus on the role that airlines and aircraft will play in the recovery of the Japanese economy once the borders reopen and Covid-19 is under control.
- accelerate the discussion of the annexes linked to MRO and training.

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 industries

Space

WP-3 / # 16 / 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.