



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

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**Working Party C
Innovation, Information & Communication Technologies**

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List of Abbreviations

Abbreviation	Meaning
APEC	Asia-Pacific Economic Cooperation
BASA	Bilateral Aviation Safety Agreement
BCR	Binding Corporate Rules
BRT	Business Round Table
CARATS	Collaborative Actions for Renovation of Air Traffic Systems
CEF	Connecting Europe Facilities
EASA	European Aviation Safety Agency
EC	European Commission
ECJ	European Court of Justice
EU	European Union
FP	Framework Programme
GNSS	Global Navigation Satellite Systems
GOJ	Government of Japan
GPS	Global Positioning System
ICAO	International Civil Aviation Organization
ICT	Information, Communication Technology
IEC	International Electrotechnical Commission
IIPT	International Integrated Project Team
IFR	Instrument Flight Rules
ITA	Information Technology Agreement
ITS	Intelligence Transport Systems
JAXA	Japan Aerospace Exploration Agency
JCAB	Japan Civil Aviation Board
LCC	Life Cycle Costs
METI	Ministry of Economy, Trade and Industry
MEXT	Ministry of Education, Culture, Sports, Science and Technology
MOD	Ministry of Defence
MIC	Ministry of Internal affairs and Communications
MoU	Memorandum of Understanding
MRA	Mutual Recognition Agreement
MRJ	Mitsubishi Regional Jet
NATO	North Atlantic Treaty Organization
NICT	National Institute of Information and Communications Technology
NTB	Non-Tariff Barrier
PFI	Private Finance Initiative
R&D	Research and Development
S&T	Science and Technology
SEC	Services of the European Commission
SESAR	Single European Sky ATM Research
SGAE	Sociedad General de Autores y Editores
SME	Small and Medium Enterprise
STI	Science, Technology and Innovation
UK	United Kingdom
VAT	Value added Tax
WTO	World Trade Organization

Introduction

ICT

ICT is a key to economic growth, and Internet is an infrastructure enhancing corporate and citizens' activities. Massive innovation is possible because it is a completely open environment. Authorities should uphold the balanced multi-stakeholder approach that enabled its success.

Sharing data on cloud infrastructures facilitates collaboration between the ICT industry and other sectors, leading to new services and growth. To further promote cloud computing we request a review of the harmonization of legal instruments such as cross border data flows. In addition both sides' authorities should facilitate the development of internet, web, mobile and cloud environments that openly share public 'big data' and expose interfaces to them, to allow the growth of independent and free markets of third party products and services.

To sustain a free and global flow of information, the internet environment must be trusted by society and industry. Both sides' authorities should cooperate towards a safe and secure society by enhancing cyber security while protecting privacy, involving both the public and private sectors.

Innovation in General

Innovation is more than ever a key to new sources of growth in Japan and the EU. Faced with similar challenges such as aging populations, climate change, strained resources, and the rise of emerging economies, both sides' authorities should increase their bilateral cooperation.

Although the level of research in Japan and the EU is generally high, there is room for improvement on how they can leverage research and innovation commercially.

Since 2011 the EU and Japan have an agreement on S&T cooperation. They should improve their bilateral STI cooperation arrangements and complement them with actions such as increasing the reciprocal access to each other's research facilities.

Aeronautics

Europe's aeronautics industry has long been a major supplier to the world market. Japan also has many advanced technologies. Both are now challenged by new entrants. In this context, joint technology and project development are necessary for both sides to maintain technological leadership and competitiveness. Free access to world markets and resilient global supply chains are also key success factors.

EU-Japan industrial cooperation already exists to a certain extent in helicopters and aeroengines, but the potential is much greater. In the civil airliner area Japan can take a larger share of the European supply chain. More government-led cooperation and continued support from both sides' authorities are needed to help the European and Japanese aircraft industries bring to fruition the development of their relationship while meeting the EU's environment, social and safety requirements.

Bilateral cooperation in certification, navigation requirements and other issues is also part of working together to develop markets and promote growth.

Space

Both the European and the Japanese space industries are major suppliers of space products. The global space market, however, is small with limited growth prospects. In a context of steadily diminishing budgets, cooperation and mutually open markets are the only way for both the EU and Japan to achieve their goals in space and for the EU and Japanese industries to keep their ranks in the global marketplace.

Last year's overhaul of Japan's administrative structure for space activities provides European space authorities with a clearly identified Japanese counterpart at the Cabinet Office. This opportunity of efficiently discussing global space policy and a broad cooperation should be seized by both sides' Authorities.

Satellite navigation systems, active debris removal, mutual backup of government missions and various advanced space technologies are among the most promising and mutually beneficial cooperations that both sides' Authorities should consider.

Defence

Defence is a special area. However, as Japan and EU Member States most active in defence and security issues are engaged in a trustful dialogue, more can be done to deepen relations on defence equipment and services in the interest of both parties.

Under tight budgets EU Member States pool resources to develop defence materiel, while Japan tries to acquire main US systems and finance its own programmes.

The announced relaxation of Japan's Three Principles on Arms Exports is a step towards the revitalisation of Japan's defense industry through exporting technologies and joining international programmes. This must be preceded by G-to-G agreements to ensure proper export control and convergence of operational requirements. While small cooperative projects may be easier at first, ambitious, long-term goals would help governments and companies to keep their sights on worthwhile cooperation.

As Japan and Europe share many values and policy objectives, a bilateral dialogue on security issues could help to establish a new balance in key world areas.

Railways

Railways are among the high-technology sectors where both the EU and Japanese industries are world leaders and can together continue setting world standards in the face of new competition from emerging economies. This can have deep implications for expanded cooperation in third-country markets. Safety is a particularly promising cooperation area that we hope can be promoted by both sides' Authorities.

To highlight priority issues, one asterisk (*) identifies "priority" Recommendations, two asterisks (**) identify "top priority" Recommendations. (e.g. WP C / #01** / EJ to EJ)

Recommendations from both European and Japanese industries

ICT

WP-C / # 01 ** / EJ to EJ Economic growth by ICT utilisation

The BRT requests the Government of Japan to synchronize action plans under its Growth and ICT strategies reviewed by the new administration, aiming for economic growth by ICT utilization. Further ICT deployment is required in e-Government, healthcare, education, security, disaster mitigation, agriculture, logistics, etc.

On the EU side, the BRT requests steady implementation of the European Commission's IT strategy "Digital Agenda" action items.

Both the EU and Japanese Authorities should create conditions to facilitate the development of internet, web, mobile and cloud environments that openly share public 'big data' collections (such as geographical information systems) and expose interfaces to them, to allow the growth of independent and free markets of third party products and services using these public environments and their data in the areas listed above..

< Recent Progress >

In July 2012 the Japanese Government made a second revision of its June 2010 Roadmaps. In December 2012 the EU commission released priority actions to be executed for 2013-2014.

< Background >

The ICT industry creates many jobs as a major industry in both regions and plays a major role in industrial competitiveness by supporting other industries. The Digital Agenda IT strategy published in May 2010 is positioned as a pillar of the EU growth strategy. The Government of Japan is considering growth and ICT strategies under a new administration.

WP-C / # 02 / EJ to EJ Cooperation for maintenance of open, transparent internet

The BRT requests both sides' authorities to cooperate in order to maintain an open and transparent internet environment.

< Recent Progress >

This is a new recommendation. At the 19th EU-Japan ICT dialogue held in Nov. 2012, the EU and Japan confirmed their cooperation on internet related policies issues.

< Background >

This Recommendation is not about "Internet neutrality" but to protect freedom, rights of free choice and free market initiatives on the internet.

The internet has played a big role as a driver of innovation for economic growth. It is not governed by a single state or body, because in this case the multi-stakeholder approach works effectively. International rules for cyberspace are under discussion at several international conferences. In Dec 2012, a World Conference on International Telecommunications (WCIT) was held in Dubai to review ITR. At this meeting, the

proposal was made to include Internet into the ITR revision. Many ITU member countries including EU Member States and Japan did not sign the revised ITR.

Even though we strongly support the protection of intellectual property, some insufficiently thought-out laws have only marginal antipiracy effects while significantly endangering freedom.

WP-C / # 03 ** / EJ to EJ Cooperation for trade liberalization on ICT services

The BRT requests that both authorities intensively work on the trade liberalization of services over the internet with the purpose of promoting the international flow of information and the abolishment of compulsory requirement of local facilities and subsidiary for provisioning of services. This includes rule making through the WTO's new international agreement on services and bilateral trade agreements.

< Recent Progress >

The EU and The United states released a set of trade principles for information and communication technology services on 4th of Apr. 2011. Japan and the United States published similar ICT service trade principles on 25th of Jan, 2012. The EU and Japan share basic principles on ICT services.

< Background >

As the ICT service sector evolves rapidly compared to other sectors, global trading rules and regulations do not sufficiently reflect and match the current landscape of this high-growth-potential ICT service sector.

WP-C / # 04 ** / EJ to EJ ITA expansion

The BRT requests that both sides' Authorities endeavour to reach an early, successful conclusion to the current negotiations to expand the ITA. The broadest possible expansion of the product scope of the Agreement to including large portions of Chapters 84, 85 and 90 will ensure that additional categories of electronics goods can be traded duty free and minimize the risk of current and future innovative technological developments giving rise to product classification uncertainties.

- (1) The EU should urgently complete its implementation of the WTO panel in the ITA dispute without further delay to avoid new convergence technology ITA products being reclassified as dutiable.
- (2) The geographical coverage of the ITA should be expanded by encouraging more countries to join the ITA. Membership should be promoted as a means of boosting efficiency and productivity, improving the investment climate, helping bridge the digital divide, and enabling the move to a more energy-efficient and climate-friendly society.
- (3) Compulsory review mechanisms are needed to ensure the ITA is always kept up to date so that it will reflect technological developments.

< Recent Progress >

Both sides' Authorities have made sizeable progress on this Recommendation.

< Background >

By extending duty-free status based on the ITA, Japan and Europe will benefit from the development of a major industrial sector that is a driver of productivity, innovation, job creation, improved competitiveness and service quality in virtually all other sectors and in public services.

An ITA expansion would boost trade in the whole electronics sector, remove uncertainties relating to product classification and would ensure technological developments in the sector are more likely to be reflected as newly-developed products are more likely to fall in these chapters.

The BRT applauds the launch of the WTO/ITA expansion negotiations and welcomes the ongoing work in Geneva. The BRT especially welcomed APEC's reaffirmation, on 8-9 September 2012 in Vladivostok, Russia, of its support for the WTO/ITA expansion of product coverage and membership and applauds the call to action at the meeting by the leaders of the 21 APEC economies urging APEC economies to work in earnest in order to swiftly achieve a good outcome of the negotiation .

WP-C / # 05 * / EJ to EJ Building trusted and safe online environment

The BRT welcomes that both authorities organized a Japan-EU Internet security forum and requests continued discussion on this matter.

- (1) Both authorities should establish an information sharing / exchange mechanism between the EU and Japan for cyber security
 - 1) Study on cyber-attack information sharing within closed organizations and companies.
 - 2) Study on reporting procedure for cyber-attack disclosure from companies to government (even if the personal data is included in the disclosure, companies can be exempted from legal responsibility on personal data protection.)
- (2) Study on mechanism for joint training such as simulation exercises involving both forces against cyber attack
- (3) Construction of a safety network including government and defence industries.
- (4) Conduct of technology development for prediction and immediate responses against cyber-attack

< Recent Progress >

The European Commission released a EU Cyber security strategy and directive on Network and Information Security in Feb. 2013. The EU and Japan confirmed that international cooperation is important for ensuring internet security at the Japan-EU Internet security forum held in Nov. 2012. In Oct, 2012, at Cyber Europe 2012, a demonstration exercise was organized with participation of major financial institutions, telecom operators, internet service providers and central and local governments. A Convention on Cybercrime became effective in Japan from Nov. 2012.

< Background >

Cyber-attacks against governments and companies are increasing recently. In this highly connected digital world, threats comes from anywhere in the world. Especially organised attack and interference targeting certain entities is a beyond control of one enterprise

therefore to address this serious issue, it needs close cooperation with public and private sectors.

Enhancing trust on the internet environment among societies and businesses is a fundamental pillar for creation of ICT enabled new services and business models, which will lead economic growth and job creation.

WP-C / # 06 / EJ to EJ Building robust critical infrastructure supported by ICT

The BRT welcomes that the European Commission released its EU Cyber security strategy and directive on Network and Information Security and positioned critical infrastructure to be protected in a context of cyber security

Cloud computing operators are required to report cyber incidents to national authorities. Cloud computing is used in so many areas that the complex reporting process may hinder incident responses. The area of reporting requirement should be narrowed and the contents of the report should reflect the risk of each infrastructure. For operational rules, Authorities are requested to discuss with private sectors on practical procedures.

Both authorities are recommended to earmark funding for R&D on ICT solution for critical infrastructure and also give incentives to private sectors to construct robust resilient infrastructures supported by ICT, including telecom network and data centre, etc.

< Recent Progress >

At the Japan-EU Internet security forum held in Nov. 2012, both authorities shared activities on protection of critical infrastructures, BRT requests continued discussion on this matter. The European Commission released EU Cyber security Strategy “An Open, Safe and Secure Cyberspace” and directive on Network and Information Security in Feb. 2013.

< Background >

Critical infrastructures such as energy, transportation, water, etc., are supported by ICT. A robust and reliable telecommunication sector is especially important because other critical infrastructure capabilities are dependent on their connectivity. Securing connectivity is indispensable for mitigating damages due to cyber-attacks and natural disasters

WP-C / # 07 * / EJ to EJ Balanced approach of personal data protection and innovation in the cloud computing era

Both the EU and Japan are in the process of modifying their respective personal data protection regimes. The BRT is concerned that the EU and Japan would pursue their own ways without due consideration to the international aspects of personal data protection and, in particular, the streamlining of the regimes between the EU and Japan.

(1) The BRT suggests that, to realise streamlined personal data protection regimes between the EU and Japan, the two authorities should consult closely with each other through such dialogues as the FTA/EPA negotiation and with businesses in the process

of revising their respective regimes so that the two regimes should not become more diverse or too costly for businesses.

Concerning the EU's proposal for a Regulation of the European Parliament and of the Council on the protection of individuals with regard to the processing of personal data and on the free movement of such data (General Data Protection Regulation);

- (2) The BRT would welcome the envisaged facilitation of BCRs in Article 43 of the proposal as BCRs could become a key tool for those businesses with the possibility of global data transfers such as cloud computing. The BRT suggests that adherence to and compliance with recognised certification schemes in and/or outside the EU and mutual recognition among them should be taken into account in their approval process to further facilitate BCRs. The utility of BCRs could be enhanced further by expanding their applicability across groups of companies with valid BCRs (not just within the same group).
- (3) The BRT is concerned about its extraterritorial applicability according to Article 3, point 2 and requests the authorities of the EU to spell out precise conditions for exclusion from its territorial scope.
- (4) The BRT suggests that the transfer of the employee data of a subsidiary located in the EU to the parent company in a third country should be explicitly stated as permissible in Article 44 1 (a) the consent of the data subject or (b) for the performance of a contract between the data subject and the controller.
- (5) The BRT is concerned that the maximum fines stipulated in Article 79 of the proposal are set too high for enterprises and that it could unduly deter business activities. Fines should be not only proportionate but also equitable. Part of the collected fines should be used for countermeasures to improve and expand cyber security.
- (6) The BRT is concerned about the obligation to notify personal data breaches within 24 hours. The notification deadlines should be flexible (ideally the Regulation should provide that the notification must take place without undue delay) so as to reflect the different degrees of complexity in identifying the nature and scope of the breaches in question.

The BRT believes that the recognition of the adequate level of protection in Japan by the EU would further promote the business activities across the two regions.

- (7) The authorities of Japan should make sure to build on the report of July 2011 of the Special Commission about Personal Information Protection established in the Consumer Commission with a view to realising a harmonised data protection regime between the EU and Japan.
- (8) The two authorities should then launch the adequacy-finding procedure under the EU Directive as soon as feasible.
- (9) In parallel with the above process, the authorities of the EU and Japan should launch a dialogue in order to seek an international framework by enhancing cooperation with third countries and international organisations. It should eventually lead to the closer alignment of data protection regimes around the world that would enable global

businesses to transfer, analyse and process personal data by complying with one regime.

- (10) In addition, the authorities of the EU and Japan should improve legal certainty surrounding the use of new technological tools such as cloud computing applications and services. The BRT believes that such improved legal certainty would support and enhance the application of new technological developments while maintaining the degree of data protection currently provided.

< Recent Progress >

EU released its communication “Unleashing the Potential of Cloud Computing in Europe” in Sep. 2012. In this communication, legal harmonization with international partners including Japan for promotion of cloud computing is mentioned.

< Background >

The BRT believes that the ultimate objective of personal data protection for an individual business is to adopt and implement a reliable and cost-effective personal data protection system at the level of a corporate group, within which the flow of data should be free across national borders. In order to achieve this, the national legislation of each country should promote such a system rather than impede it by creating different requirements.

WP-C / # 08 / EJ to EJ Societal problem solving by big data

Societal problem resolution and new business creation using big data have huge potential for the ICT industry.

Anonymisation and pseudonymisation are useful methods for balancing privacy protection and innovation by free flow of information. The BRT requests both sides’ authorities to set clear levels of anonymisation / pseudonymisation technology for each category of data, thus enabling data distribution and creating an environment that facilitates big data utilisation.

Especially, the Data Protection Regulation proposed by the European Commission will heavily burden companies if anonymous information such as numbers, marks and symbols which cannot identify a person are defined as “personal data”. Such anonymous data should be freely utilised to create innovative internet services.

< Recent Progress >

This is new recommendation

< Background >

With the development and diffusion of cloud computing, social media and mobile technology, huge amount of data is accumulated. Sharing of data is possible by cloud computing and this will generate new values for innovation for societal challenges.

WP-C / # 09 / EJ to EJ Fundamental Reform of the Private Copying Levy System (Compensation System for Private Copying)

- (1) The EU and Japan should cooperate / have a dialogue to reform fundamentally the private copying levy system and thereby promote the lawful use of licensed digital content.
- (2) Any review for reform should consider, in a comprehensive manner, alternative methods – including new content distribution practices – available to secure compensation for rights' holders and creators from private copying as well as the development of licensed cloud-based content streaming models. Increasing the availability of lawful digital content will require a reform of the existing copyright regime in the EU as well as in Japan. The aim of the reform should be to promote open and competitive markets in licensed digital content, with the aim to increase availability of more legitimate digital content, at prices which appeal to consumers and hereby promote innovation and growth of digital creative market. The goal should be to enable the establishment of a system which is transparent and fair to consumers, rights holders, service and equipment providers, etc.
- (3) The EU and Member-State Authorities should ensure that reform of the private copying levy system remains a priority issue for the wider copyright debate on the European digital economy agenda. EU-level action is required if transparency and legal certainty are to be achieved.

< Background >

Current compensation is based on private copying levies and, in the EU at least, dates back to the analogue era. Private copying levies compensate for revenue loss caused by private copying but do not address piracy. With current, emerging and expanding business models (such as online content distribution (using DRM and/or) based on contracts with individual users), private copying levies may impose double payments for consumers. Moreover, the rules of the current levy system vary enormously across Europe – there is no benchmark for determining which products are subject to levies or what amount to charge. The ECJ ruling in C-467/08 (Padawan v SGAE) and C-462/09 (Stichting de Thuiskopie v Opus GmbH) also make a reform of the system justifiable.

Innovation in General

WP-C / # 10 * / EJ to EJ Enhanced Cooperation between the EU and Japan on 21st Century societal challenges

- (1) The BRT recommends that both sides' Authorities swiftly implement flagship demo projects and innovative solutions to common societal challenges through deregulation, easing of investment, notably for SMEs, and inviting expertise from EU and Japanese industry.
- (2) The BRT recommends further enhancement of joint R&D projects between the EU and Japan. Work towards international standardisation should gain particular attention for such projects.
- (3) The EU, Member-States and Japan should continuously allocate strategic budgets to innovation investment particularly on education in science, technology, engineering and mathematics fields, and on developing competent human resources in STI, as well as to

R&D Infrastructures in national laboratories and universities. Strong ties with business should leverage this investment.

- (4) Japanese programs should be more open to EU organisations, with clear criteria.
- (5) Tax credits for R&D should be expanded to encourage continued private sector investment in R&D.
- (6) Both authorities are recommended to increase matchmaking activities between EU and Japanese industry to find out common themes.

< Recent Progress >

Significant progress was made for this recommendation.

In the joint press statement of the EU-Japan Summit Meeting in Brussels on 28 May 2011 confirmed that the EU and Japan will deepen and broaden the scope of their cooperation, taking advantage of the S&T agreement. The first EU-Japan Joint Committee on Scientific and Technological Cooperation was held in June 2011. A second meeting should be held soon this year.

More EU-Japan Coordinated calls on STI were implemented in 2012, namely on the substitution of rare earth (FP7 and JST), development of high speed civil aircraft (FP7, METI as well as participation by Russia and Australia), ICT targeting 6 themes (FP7 and MIC/NICT), and two calls through an FP7 project for the coordination among European national/regional as well as Japanese funding organizations on the resilience against disasters and efficient energy storage and distribution.

Especially, it is worthwhile noting that the largest ever amount of 9 million Euro by the EC and equivalent amount by MIC/NICT have been allocated onto the ICT coordinated call. Prior to this, MIC offered matching funds for R&D through cooperation with Europe, which was also a great step forward to stimulate Japanese participation in EU-Japan STI projects.

< Background >

The EU and Japan share common societal challenges such as aging population, climate change, resources constraints etc. Innovation is a key engine for maintaining competitiveness and sustainable long term growth.

Although the level of research in Japan and Europe is generally high, improvements as to how Japan and the EU can leverage research and innovation commercially are possible.

Since 2011 the EU and Japan have an agreement on S&T cooperation.

The EC proposed 80 billion Euro investment packages (Horizon 2020) in research and innovation. 31.7 billion is allocated for seven key societal challenges, namely Health, demographic changes and well-being; Food security, sustainable agriculture, marine and maritime research and the bio-economy; Secure, clean and efficient energy; Smart, green and integrated transport; Climate action, resource efficiency and raw materials; Inclusive and innovative societies, and secure societies.

Under the FP7 programme, the expected annual budget execution reached a record 10.84 billion Euro in 2013.

The Enterprise Europe Network assists companies in Japan and the European Union, through the EU-Japan Centre for Industrial Cooperation's offices in Tokyo and in Brussels, in finding partners for innovation in the host country.

The Government of Japan released its 4th Science and Technology Basic Plan in August, 2011, focusing on recovery & revitalization from disasters, green innovation, life innovation, and system reform for science, technology and innovation promotion.

WP-C / # 11 ** / EJ to EJ Better administrative setup of STI cooperation

- (1) The commitments required of participating organisations should be well defined and not subjected to unexpected changes.
- (2) The time used to prepare calls, publish them, select the candidate organisations, evaluate their proposals and complete negotiations should be much shorter.
- (3) The procedure for preparation and launch of coordinated calls should be well discussed by both parties and standardised.
- (4) EU and Japanese Authorities should work together towards at least partially interoperable systems for the administration of programmes, for example to allow European systems to retrieve relevant data on Japanese participants from Japanese databases and vice versa.
- (5) Japan should apply the EU's National Contact Point system, subject to several improvements. The system should work both ways to allow bilateral flow of information.

< Recent progress >

This is a new recommendation. Both sides' Authorities have made efforts towards more bilateral STI cooperation, but concrete results are too few to be of much significance towards future industrial cooperation.

< Background >

This Recommendation refers to the administrative effort to be made towards certain reciprocity / use by Japan and the European Commission of the EC's Framework Programme / Horizon 2020 programme for bilateral cooperation in STI, as well as Japanese programmes open to European partners (the latter chiefly affiliates of European entities in Japan). Much more EU-Japan STI cooperation is urgently needed. Since 2011 the EU and Japan have an agreement on S&T cooperation, but practical problems remain. The Japanese administration of international cooperation has little structure and many discretionary aspects. The administrative and legal constraints of EC calls, on the other hand, are inconvenient (and their criteria sometimes irrelevant) for Japanese partners that EU industry would need as key participants in important cooperation projects.

WP-C / # 12 / EJ to EJ Sharing of infrastructures

The EU and Japan should work more closely to allow mutual access to their facilities.

< Recent progress >

This is a new recommendation.

< Background >

Sharing large infrastructures for R&D is vital for the promotion of STI while avoiding duplication of efforts. In the field of basic science this has become common practice, for example in the latest initiative of International Linear Collider (ILC), while industrial access to facilities is less common. In addition to existing efforts like ITER and CERN, cluster-to-cluster cooperation may be an effective way to promote SMEs' access to facilities (cf. recommendation below on clusters). Examples are : access to the European Spallation Source (to be built in Lund, Sweden) by Japanese industry, and cooperation /

benchmarking among Living Labs. Reciprocal access by EU industry to Japanese facilities such as KEK, J-PARC, SPring-8 and SACLA would also be good progress.

WP-C / # 13 / EJ to EJ Business cooperation between EU and Japanese clusters

Strengthen business cooperation between EU and Japanese clusters. Specifically:

- (1) The Authorities of the EU and Japan should support the EU-Japan Centre for Industrial Cooperation and the European Cluster Collaboration Platform to further advance their cluster cooperation agenda.
- (2) A more strategic use of clusters should be made to support SME internationalization and global competitiveness, especially in emerging industries where cluster cooperation would have a strong impact.
- (3) The Authorities of the EU and Japan should intensify cooperation between EU and Japanese clusters by giving a stronger focus to concrete actions. In particular, both authorities should support matchmaking activities and tailored individual approaches between EU and Japanese clusters in strategic areas of mutual interest.

< Recent Progress >

The European Commission organised a EU-Japan Cluster Matchmaking event in November 2012.

< Background >

Clusters create a fertile business environment at local level fostering innovation, increasing productivity, enhancing cooperation between academia and industry, and facilitating internationalisation of SMEs. Japan and EU countries have many clusters, some of them world-class, innovation-driven and competitive in global markets, and open to international cooperation. There is an increasing business interest and scope from both sides to strengthen cooperation between clusters.

To facilitate and have a more institutionalised and sustainable approach, a MoU has been signed between the European Cluster Collaboration Platform and the EU-Japan Centre located in Tokyo and Brussels. Thanks to this MoU, Japanese clusters will be able to use this platform to identify partners in EU countries (and vice versa), explore opportunities with them, develop visiting schemes for their companies and start developing joint R&I projects.

Intellectual Property Rights

WP-C / # 14 * / EJ to EJ Harmonisation of IPR regulations

EU and Japanese IPR regulations should be harmonised, such as grace period for patents, etc.

< Recent progress >

This is a new recommendation.

< Background >

Late last year the European Parliament has voted the Unified Patent System. It has three courts of justice for mediation and arbitration (Paris, London and Munich). This is a great step forward to simplify European patent applications. However, many practical details remain to be discussed and harmonised. For instance the grace period is 0 in the EU, 6 months in Japan.

Innovation in Aeronautics, Space, Defence and Railways

Aeronautics

WP-C/ # 15 **/ EJ to EJ Government-Led Industrial Cooperation in Aeronautics

The Authorities of Japan and the EU should establish a permanent dialogue aiming to steadily and significantly upgrade the scale of EU-Japan industrial cooperation in aeronautics based upon mutual trust, equality and mutual benefits, and stimulated by government funding.

< Recent progress >

No concrete progress has been seen on this recommendation over the past twelve months.

< Background >

Europe's aeronautics industry has long been a major supplier to the world market. Japan also has many advanced technologies. Both are now challenged by new entrants. In this context, joint technology and project development are necessary for both sides' companies to maintain technological leadership and competitiveness. It is also a necessity for governments faced with severe budgetary constraints. Europe-Japan industrial cooperation already exists to a certain extent in helicopters and aeroengines but the potential is much greater. More government-led cooperation between Japanese and EU industries would result in many gains for both sides.

In the civil airliner area, EU-Japan industrial cooperation has stagnated since the early 2000s, when 21 Japanese suppliers joined the A380 programme. Japan lost many opportunities of working with European industry in aerostructures. The situation is better for Japanese participation in engine programmes and as suppliers of carbon fibre materials. The aerospace industries of other countries have evolved significantly in recent years, both in skills and capacity, and price competitiveness has become a key decision criterion.

WP-C / # 16 * / EJ to EJ Environmental Issues in Aeronautics Technology

The Authorities of Japan and Europe should establish broad bilateral cooperation on environmental issues.

< Recent progress >

Minor progress has been made on this recommendation.

< Background >

Europe and Japan support mostly separate research programmes on environmental issues, from noise to emissions. One joint effort is a British-Japanese cooperation on the Trent family of wide-body engines. Japanese involvement is slowly growing as new models are being added. Another effort is part of a small French-Japanese programme on high speed aeronautics technologies. We believe that the eco-technology at all aircraft speeds is one of the fields where further cooperation between Europe and Japan could yield significant cooperation and business opportunities.

WP-C / # 17 * / EJ to EJ Cooperation in aircraft certification

Cooperation between Japanese and European aircraft certification authorities should be upgraded. Specifically, EU-Japan cooperation should be upgraded at the level of a full bilateral agreement. The use of English for all relevant documents should be permitted.

< Recent Progress >

Progress is made towards a BASA between Japan and the EU.

< Background >

There is a bilateral agreement between US and Japanese civil aviation authorities that facilitates the mutual acceptance of the other party's certification basis, while there is only a working arrangement between Europe (EASA) and Japan (JCAB) that proves extremely difficult to work with. Validation by JCAB of European Type certified aircraft is a very lengthy process. In particular, validation of EASA-certified new optional equipments for helicopters whose Type Certificates are already validated by JCAB should be almost automatic, but instead the Japanese authority requires a review of all the technical documentation before approval. This is often the cause of delivery delays of the products to Japan and may at times preclude European manufacturers from fairly competing in public tenders, due to stringent delivery requirements. Moreover, Japan is probably the only country in the world where the Rotorcraft Flight Manuals must be translated into the local language and approved by the local authority, again representing an obstacle to helicopter imports. .

Recently, Japanese civil aviation certification resources have been drained by a local development project (MRJ programme) at the expense of imported products leading to significant delays (and costs) in airworthiness clearance for European products.

WP-C / # 18 / EJ to EJ Cooperation on navigation regulations for helicopters

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

< Recent progress >

Progress is seen on this recommendation. Europe's SESAR air traffic management systems programme and Japan's CARATS committee on future air traffic systems established a framework for technical cooperation..

< Background >

The US, Europe and Japan are working on developing their own regulations and infrastructure without an adequate level of exchange of information and standardisation. European and Japanese territories have more similarities than each has with the US, so that Europe and Japan should work more closely and with a shared approach. Many European helicopters are already equipped with the hardware to interface with ground based / satellite based infrastructure already established to allow low altitude IFR routes, Point-in-Space navigation and GPS precision approaches, but that may prove useless if there is no cross recognition of standards and regulations (software) between the countries.

Space

WP-C / # 19 * / EJ to EJ More Effective Cooperation Among Space Authorities

Major bilateral meetings of Space Authorities should not only involve ESA and JAXA but also the European Commission and Japan's Cabinet Office in order to discuss broader issues.

< Recent progress >

This is a new recommendation.

< Background >

The European Space Agency and JAXA have regular meetings, but they are not frequent enough and yield few concrete results. Space issues are not limited to only technology and science, but also extend to major global policies and politics.

WP-C / # 20 ** / EJ to EJ Government-Led Industrial Cooperation in Space

The Authorities of Japan and the EU should significantly upgrade the scale of EU-Japan industrial cooperation in space, stimulated by government funding.

< Recent progress >

No progress has been seen on this recommendation.

< Background >

Europe's and Japan's space industries have been major suppliers to the world market: European companies with systems and subsystems, and Japan companies with components and the ground segment. Joint technology and project development are necessary for both sides' companies to maintain technological leadership and competitiveness. It is also necessary for governments faced with severe budgetary constraints. Europe-Japan cooperation already exists in some technology areas but the potential is much greater. More government-led cooperation between Japanese and EU industries would result in many gains for both sides.

WP-C / # 21 * / EJ to EJ Civil Purpose Satellite Technology

In the civil satellite technology field, Japanese space Authorities (at Cabinet level) and European space Authorities (EU Commission, European Space Agency, and Europe's national space agencies) should establish a common mechanism for a formal and permanent dialogue with the purpose of identifying further mutually beneficial subjects of cooperation. Of particular interest to both the EU and Japanese industries are advanced broadband and mobile communications services that would be applicable, among other cases, to the rescue of populations hit by a natural disaster.

< Recent progress >

Nearly no progress of interest to industry has been seen on this recommendation, except for minor cooperation in some specific device development.

< Background >

Europe and Japan have many complementarities in satellite technology and similar needs in terms of space telecommunications, broadcasting and observation. Note that discussions and cooperation on advanced technologies are also useful to promote common EU-Japan standards and thus benefit both sides' industries.

WP-C / # 22 / EJ to EJ Cooperation in launcher technology

European and Japanese space Authorities should consider a close cooperation in developing their respective next national launchers.

< Recent progress >

This is a new recommendation.

< Background >

Europe and Japan will for the first time develop new heavy satellite launchers almost simultaneously. Cooperation in their development could have many technological, budgetary and industrial advantages. If a close bilateral cooperation is not studied at an early stage it will soon be too late for both sides to gain significant advantages.. Previous European attempts at major engine cooperation have failed inexplicably.

WP-C / # 23 / EJ to EJ Mutual Backup of Government Satellite Launches

Japanese and EU Authorities should bring about a mutual backup cooperation scheme of all government launches using their respective satellite launcher fleets.

< Recent progress >

No progress has been seen on this recommendation.

< Background >

Europe's satellite launcher Ariane 5 and Japan's H-IIA are used in an arrangement to back up each other's satellite launches on a commercial basis. This reduces the risk of long launch delays due to launcher technical problems. Years of discussions between Japan's MEXT and the European Space Agency towards a similar back-up arrangement

for government launch missions have not produced results.

WP-C / # 24 / EJ to EJ Cooperation on Satellite Navigation Systems

EU and Japan Authorities should establish a close cooperation between Galileo and the Quasi-Zenith Satellite System. This should include frequency management, handset technology (receiver chips) development, and cooperation in GNSS meetings to set up service standards. Furthermore, the EU and Japan should develop cooperation on GNSS downstream applications.

< Recent progress >

Preliminary progress has been seen on this recommendation. The European Commission and JAXA have signed a standard ITU agreement on radio frequency compatibility between the first QZSS satellite and Galileo.

< Background >

The EU's Galileo and Japan's Quasi-Zenith Satellite System will soon become reality. Augmentation and various commercial services are among many mutually beneficial applications that require extensive mutual information between EU and Japanese Authorities and their encouragement and facilitation of industrial cooperation. Cooperation in frequency management is required because unlike GPS, both Japan and Europe operate multiple frequencies for different services. Other important questions include anti-jamming technology development and receiver chip technology development (important for economies of scale).

WP-C / # 25 / EJ to EJ Cooperation on Active Space Debris Removal

EU and Japan Authorities should lead a global effort to remove space debris from low and geostationary Earth orbits. Near-term bilateral cooperation should include defining debris removal standards (or code) and developing debris removal technologies.

< Recent progress >

Much groundwork has taken place around this sensitive matter, but concrete cooperative action still seems far off.

< Background >

Space debris are a serious threat to today's commercial utilisation of space. Because of their peaceful policies, Japan and the EU are best positioned to define debris removal standards (or code) then lead and help police a global effort to remove debris from low and geostationary Earth orbits. Japan's and Europe's Space Situational Awareness programmes and the EU Commission's draft Code of Conduct for Outer Space Activities can serve as a basis and starting point towards that effort.

Defence

WP-C/ # 26 / EJ to EJ Exchange and Protection of Classified Information

Japan and European countries should make official agreements for government and industry to exchange and protect classified information pertaining to promotion of products and to joint development.

< Recent Progress >

Positive steps are being made – in October 2011 a bilateral agreement covering the exchange and protection of classified information was signed between the French and Japanese authorities. Both have agreed to ensure the reciprocal protection of classified information exchanged between Japanese and French governments, including the Japanese Ministry of Defence. The agreement provides procedures for protecting the classified information appropriately, subject to both countries' national laws and regulations.

A similar agreement is expected to be signed between the UK and Japanese authorities during 2013.

< Background >

European and Japanese defence industries have many complementarities and could, if they were allowed to fully cooperate, jointly develop high performance and cost-efficient products and technologies that are necessary to the forces of both sides. This is made almost impossible as European and Japanese companies cannot directly exchange classified information on the products or technologies

European Governments and defence companies provide classified and/or commercially sensitive information during product promotion and development/production. The same may also occur when a relaxation to the Three Principles on Arms Exports is in place which would enable the Japanese Government and Japanese defence companies to co-develop with European industries and/or to promote products to Europe. Such classified/sensitive information must be adequately protected.

WP-C / # 27 / EJ to EJ Export Controls

The BRT highlights that the Internal Compliance Programmes (ICP) for Dual-Use Goods and Technologies under the Wassenaar Arrangement continues to play an important role in preventing destabilizing accumulations of conventional arms around the world. The EU and Japan should build on the ICP practices in the business sectors and provide preferential treatment to ICP holders. Both governments should also make best efforts to harmonize their export control systems and thus provide a level playing field for exporters.

< Recent progress >

This is a new recommendation.

WP-C/ # 28 / EJ to J Relaxation of the Three Principles on Arms Exports

The announcement of a relaxation to the Three Principles on Arms Exports was warmly welcomed by European industry.

The new Guidelines for Overseas Transfer of Defence Equipment announced on 27th December 2011 should be underlined by a set of clear guidelines, rather than one off exceptions for specific purposes. These guidelines should be gradually put in place by end 2013.

Outside of the G to G bi-lateral agreements arising from the relaxation, the need for a clear set of guidelines would be to the benefit of both the European and Japanese defence industries.

< Recent Progress >

In order to go forward with concrete international joint development and production, a framework is required between the GOJ and a country concerned to ensure strict controls are in place. The detail of the framework will be coordinated between the GOJ and each country concerned.

Progress is being made towards the first bi-lateral agreements between Japan and European member States.

< Background >

The Government of Japan (GOJ) released “Statement by the Chief Cabinet Secretary on Guidelines for Overseas Transfer of Defense Equipment etc” on 27th December, 2011. This guideline enables overseas transfer of defence equipment etc in cases related to peace contribution and international cooperation and international joint development and production of defence equipment etc. contributing to the security of Japan on the premise that strict controls are in place.

WP-C/ # 29 / EJ to EJ Defence Purpose Satellite Technology and Services

The BRT recommends that the Authorities of Japan and EU Member States should establish a regular dialogue aimed at sharing experience on defence purpose satellites. This should also include dialogue on the delivery of secure communications services (as PFI is evolving as a growing subject in the new economic environment).

< Background >

In the defence field as well, European satellite manufacturers have developed considerable and universally recognised know-how and experience. Some EU countries have also developed specific expertise and know-how in the structuring of PFI for secure satellite communications.

Europe has a long history of international cooperation in the space field and has significant capability to accommodate Japanese needs and information sharing requests. The establishment of mechanisms for exchange of classified information is required to enable this know-how and experience could be shared with Japanese manufacturers. These mechanisms will open the door for a regular dialogue between the Authorities of Japan, EU Member States and their respective industries.

WP-C / # 30 / EJ to J Facilitation of Re-export of Defence Equipment Imported for Demonstration Purposes

Japanese Authorities should implement simple procedures to facilitate re-export of defence equipment imported for the purposes of demonstrations at forums such as trade fairs and exhibitions.

< Recent Progress >

No streamlined process for demonstrator equipment has been addressed.

< Background >

Defence export regulations make it difficult for foreign firms to re-export defence equipment they import for the purposes of demonstrations at trade fairs, exhibitions and other forums. This severely constrains their ability to market their products. Special re-export arrangements for defence equipment imported into Japan for these purposes would give Japanese procurement agencies a better understanding of the full range of options available.

Based on the Foreign Exchange and Foreign Trade Act and the Export Trade Control Order, an export licence is necessary to re-export defence equipment for the purposes of demonstrations.

Recommendations from the European industry

ICT

WP-C / # 31 * / E to J Expanding the scope of “Self-verification of conformity” procedure on telecommunication equipment

The Japanese government should consider expanding the scope of “Self-verification of conformity” procedure, including radio base stations for cellular networks, WLAN equipment, etc.

< Recent Progress >

To our knowledge there has been no progress on this Recommendation.

< Background >

The “Self-verification of conformity” process allows a manufacturer to take its own responsibility for verifying whether its telecom products meet the relevant technical requirements, and then to introduce them to the Japanese market. However the scope is limited and excludes radio base stations for cellular networks, WLAN equipment, etc.

Innovation in Aeronautics, Space, Defence and Railways

Aeronautics

WP-C / # 32 / E to EJ Level Playing Field in Civil Aeronautics Markets

The Authorities of Japan and Europe should encourage competition and facilitate the entry of each other's aircraft on their respective domestic markets on the basis of reciprocity. Airlines and other major customers should be encouraged to diversify their sources of supply. Cooperation in aeronautics should not be biased towards US industry, but should be significantly increased between the EU and Japan.

< Recent progress >

There may have been progress on this recommendation.

< Background >

Europe's wide-body civil airliners have not made significant inroads in Japan, and Japan's small jets have not made significant inroads in the EU. Procurement decisions are best when made on a competitive basis, free from irrelevant influence. Unbiased cooperation will help avoid more undue influence on the procurement decisions of commercial airlines. Diversification of supply sources will benefit customers, shareholders, taxpayers and the general public.

WP-C / # 33 / E to EJ Weight Restrictions on Haneda Airport D Runway

Haneda D runway weight restrictions are an obstacle to the use of European-made aeroplanes and an obstacle to further development of international traffic at Haneda. These

weight restrictions should be re-examined in view of allowing the operations of new and larger airplanes such as Airbus made A380 and A350. We request both sides' Authorities in charge to cooperate in making the necessary verifications. Additionally, for the newest mid-size A350 aircraft, operation could be possible with the re-verification of the withstand load with regards to part of the construction.

< Recent progress >

No progress has been seen on this recommendation.

< Background >

With the purpose of expanding airport capacity in response to the increase in air travel demand as well as to reduce congestion, a fourth runway (D runway) and an international terminal were opened in Haneda in October 2010. So far focusing on flights to and from Asian countries, its use for long-haul international routes will increase in the future. The number of flights will grow together with the demand but will be limited in the end by the capacity in terms of slots. In this regard, the use of new and larger aircraft will be an important part of the airlines' strategies. Under such circumstances, aircraft weight restrictions on the D runway could impede the conversion of Haneda Airport to larger and newer aircraft. In order to avoid disturbing the flow of the Tama River, the D runway was overhauled using a pier-like structure instead of a conventional landfill. Due to this, weight restrictions have been placed upon the aircraft in use, and with the entire lineup of Airbus' newest A380 and A350 series exceeding the weight limit, these aircraft could no longer be used as they currently are (cf. chart below).

Unit: tons	Weight limit	A380	A350-1000	A350-900	B747-400	B777-200ER
Total weight	400	571	298.9	268.9	396.0	286.9
Main gear load, t/gear	139.5	161.6	140.8	126.0	92.8	134.9
Wheel load	26.2	26.9	23.5	31.5	23.2	22.5

WP-C / # 34 / E to J Bidding process in public tenders for helicopters

- (1) Evaluation system: More balanced competition should be ensured by comprehensive evaluation systems which also take aircraft performance into account.
- (2) Single year budget procurement constraints should be relaxed in order to avoid unnecessarily severe requirements for delivery.

< Recent progress >

No significant progress has been seen on this recommendation.

< Background >

- a. *Although cheaper is not necessarily better, almost all Japanese government tenders still have an evaluation system merely based on price competition.*
- b. *Procurement by some governmental agencies (such as fire fighting and disaster relief)*

is still tied to this constraint. In some cases the time between the bid award and the requested delivery is less than six months, which is much too short for helicopter manufacturing, considering also the hurdles of local certification upon import. This condition has been relaxed in the past few years (for police procurement of medium size helicopters for instance, but not for light size helicopters yet).

Space

WP-C / # 35 * / E to J Approval of Satellite Launch Service Providers

The approval by Japanese Authorities of foreign launch service providers through the envisioned approval system of Japanese commercial satellite launch projects should be fair and consistent with commercial world practice as recognised and formalised by the French Space Operations Act of June 2008 and associated by-laws.

< Recent progress >

We have no new information.

< Background >

Japanese Authorities contemplate Space Operations legislation that would require Japanese users of satellite launch services to obtain an official approval before they contract for launch, and that would also require them to only use reliable launch service providers approved by Japanese Authorities. We have no issue with such legislation if it cannot be used to make competition in Japan difficult for EU launch service providers.

WP-C / # 36 * / E to J Legitimate use of Private Finance Initiative projects

The Authorities should explicitly ban their own use of Private Finance Initiative (PFI) projects to protect local satellite makers and launch service providers.

< Recent progress >

No progress has been seen on this recommendation.

< Background >

Using PFI is a legitimate way for a government agency to procure space-based services in a budget-efficient manner. Authorising domestic candidate companies to include their own commercial payloads (so-called hosted commercial payloads) in the satellites that they will procure to provide the services is also legitimate. But barring foreign suppliers from bidding for the satellite and the launch service on the grounds that the government procures a government-only space-based service is not legitimate because the presence of the hosted commercial payload makes it a commercial satellite. If this practice is not explicitly banned, much of the commercial satellite and launch services markets may vanish piecemeal into supposedly government programmes. (Note: We do not dispute the practice of launching purely government satellites by a local government launcher.)

WP-C / # 37 / E to J Opening the market for space ground equipment

Procurement of integrated systems should be encouraged.

< Recent progress >

No progress has been seen on this recommendation.

< Background >

Japan's international procurement of space ground equipment is often broken up in small lots tailored for Japanese companies. Integrated systems have better cost performance and are more reliable.

Defence

WP-C / # 38 / E to EJ Internationally recognized procurement processes for defence equipment and services

The following should be applied to all defence procurement processes:

- Japan should improve transparency towards foreign suppliers by making the Statement of Requirements for procurement processes more widely available.
- Japan's MoD should adopt NATO standards for the initial research and development phase to strengthen competition and reduce development risk.
- Japan's MoD should also implement multiyear contract scheme for weapon acquisition in order to obtain the best conditions in terms of prices and local content from foreign manufacturers.
- If a foreign company is selected, then the Japan MOD should separately select the local industrial partner based on a licenced production and modification package made available by the selected foreign company.
- The MoD should also send a clear message to suppliers that if they do not contract on the basis of their selection there will serious consequences or cancellation of the selection.
- The BRT would also encourage MoD to create an appeal process.

< Recent Progress >

The Japanese MoD has made a move to improve the transparency of its decision making process by declaring a point system to determine the winner and providing a debrief as to how the decision was made. However the point system is not that clear and debriefs need to be more detailed.

< Background >

Certain reforms have already taken place in defence procurement processes. Further reforms would strengthen transparency and competition.

WP-C/ # 39 / E to EJ Greater emphasis on life cycle life costs in awarding contracts

The BRT recommends that more emphasis on Life Cycle Costs should be included in Statements of Requirements released as part of the procurement process.

< Background >

The BRT welcomes the greater emphasis placed to date on Life Cycle Costs by Japan in its defence procurement. Budgeting based on life cycle costs allows governments to better plan their defence expenditure. It also creates fairer competition between bidders for contracts as it demands fuller disclosure of cost information. EU companies have considerable experience in modeling and predicting Life Cycle Costs and are confident about their ability to guarantee predictions and enter into fixed price contracts.

WP-C / # 40 / E to J Removal of unlimited liability for public tenders

Unlimited liability should be removed from the terms and conditions of public tenders, as this puts foreign bidders at a considerable disadvantage in relation to local contenders. We are open to discuss liability concerns with the Government of Japan and to work to identify a mutually agreed solution.

< Background >

The Japanese government currently requires companies bidding for public tenders to offer unlimited liability as part of their bid. This requirement is not found in other markets. Moreover, there are other options open to the Japanese government to address its liability concerns.

WP-C/ # 41 / E to J Examination of innovative procurement approaches for defence equipment

The costs of development of new defence equipments are increasing and at a time when defence budgets in many countries are being reduced. There are examples today of these costs being shared among allied nations. Europe has established some original cooperation schemes and organizations – on the nations side (joint procurement agency) and on the industry side (joint venture companies)

EU industry can assist the MoD in meeting cost reduction targets with Performance Based Logistics (PBL), Private Finance Initiatives (PFI), commercial off-the-shelf solutions, leasing schemes, and procurement techniques to minimize costs. Examples of progress achieved by LCC models through an initial phase of performance-based logistic support or through a fully integrated operational support programme can be demonstrated by European Governments already partnering with industry and familiar with through-life cost benefits. Access to several decades of European experience in using an International Integrated Project Team (IIPT) could be a great asset for Japan.

Japan should enter into agreements with EU countries to ease technology and information exchange at both a government to government level and an Industrial level.

Intellectual property rights must at all times be respected if partnerships are to be successful.

The Government of Japan should introduce innovative procurement approaches, such as partnerships with industry, to reduce procurement costs, place more emphasis on LCCs, and promote the IIPT approach.

Simple measures such as planning more defence study missions to Europe would improve the level of knowledge and understanding of European achievements by Japan's political and administrative leaders.

< Background >

Japan could achieve cost reductions through implementation of innovative procurement practices, such as Performance Based Logistics, Private Finance Initiatives, Commercial off-the-shelf ("COTS") solutions and leasing schemes.

WP-C/ # 42 / E to J Forum for Japanese and EU defence industries to meet and discuss

It is recommended that a specific forum is established to bring EU and Japanese defence companies together in order that both sides may learn more about each others capabilities and desires for collaboration.

< Background >

The progress being made under the relaxation of the Three Principles on Arms Exports has indicated that there should be increased discussion on a B to B basis in order to identify potential projects for collaboration.

Railways

WP-C / # 43 / E to EJ Modal shift towards rail passenger transportation

The modal shift to rail in passenger transportation is seen as a way to cope with environmental issues as well as tackling the congestion issues in urban areas. A few initiatives have been taken by both parties for stimulating such a shift.

The potential impact of an increased modal shift from various passenger transportation modes to rail transportation should be shared between both parties. In view of the environmental, safety and societal impacts of such a modal shift to rail, it is recommended to stimulate and favour mutual access to each party return of experience. It should allow paving the way to a better optimisation of rail systems and operational modes which are currently in use in both party countries;

< Recent progress >

This is a new recommendation.

< Background >

The BRT recognizes that Japan on the one hand and EU member states have both a long tradition and structured knowledge of railway transportation. As a matter of fact during the last decades both parties developed innovative solutions ranging from rolling stock, signalling and dedicated infrastructure in order to address needs in passengers and freight transportation. Such innovations range from High Speed Train systems to performing urban rail systems. The passenger transportation capacity and availability is a key common challenge. Worth to notice that Japanese passenger traffic network is among the busiest network in the world. The EC issued a EU Transport White paper SEC (2011) that emphasizes the impact of the rail sector in Transportation. A sharing of

experience for the two most mature contributors to the development of rail on a worldwide basis should benefit to both economies.

WP-C / # 44 / E to EJ Railway safety certification requirements

Both authorities should put in place some open description of compliance requirements as well as current certification processes. The certification procedures which are relevant for the national railway undertaking companies should be made full transparent to both parties. Their evolutions should be subject of mutual information. It is proposed that the European Railway Agency and the Japanese Ministry of Land, Infrastructure, Transport and Tourism could establish a dedicated working group in order to better capture the certification processes in both party networks.

< Recent progress >

This is a new recommendation.

< Background >

- (1) *It is recognized on a worldwide basis the very long standing experience in railway safety domain which is owned as well by the Japanese railway operators and as well by the EU railways undertaking companies.*
- (2) *The safety certifications are driving some of the railway equipment and systems procurement requirements. As a consequence a so called “safety clause” has been sometime considered as a non-tariff barrier in particular for the import of EU equipments in Japan. In order to address this safety related issue, the openness of current safety related certification processes in European member states and in Japan could be an appropriate way for opening dialogue between both party industry players. It would foster the cross-fertilisation of safety performance of the worldwide railway industry.*
- (3) *During the last few years, a significant effort has been undertaken in the EU in order to get better visibility on the certification in EU member states. These later relates to specific requirements for safe operation of relevant railway networks. The European Railway Agency mission is indeed taking care of the certification coordination between EU member states National Safety Authorities. In its last so-called “Fourth Railway Package” the EU commission paved the way to a common authorisation procedure granted by the European Railway Agency.*

WP-C / # 45 / E to EJ Long term objective and innovation in railway industry

Both parties should investigate the possible cooperation on technical and innovative solutions for the railway industry and network undertaking companies. Such cooperation would support indeed an increase of the modal shift to rail transportation. The contribution of such cooperation program should take benefit of the pioneer role of both parties in domains as such as high speed systems and as such as urban rail efficient systems.

< Recent progress >

This is a new recommendation.

< Background >

Based on the EU Transport White paper published in 2011, a set of proposals have been made by the European railway industry to the EU commission. The innovation domains are those related to attractive and green passengers rolling stocks, advanced traffic management and control systems, long life tracks and rail infrastructure, seamless and attractive travel tools and efficient and sustainable freight transportation.

The above topics are indeed in the scope of activities of Japanese industry players and network operators. As a matter of fact, operational rules in railways influence directly the way railway systems are designed. As a consequence the possibility to address open some best practice experience and to pave the way for cooperative effort is considered as a solid background for next generation railway systems.

WP-C / # 46 / E to EJ Life Cycle costs in Railway transportation

In railway networks the lifetime of systems, equipment and their operational rule implementation is typically a few decades. The efficiency of transportation systems is based on proper return of experience and maintenance practices. The both parties large experience should be shared more extensively.

Both authorities are recommended to share best practices and give incentives for private sector to develop adequate shared tools for optimising the life cycle costs of railway networks.

< Recent progress >

This is a new recommendation.

< Background >

The role of services in railway transportation is key for the economic viability of the operational systems. In the various domains as such as rolling stock, trackside infrastructure, dedicated telecommunications and signalling, the long span life cycle requires a comprehensive view of the life cycle care and support. The life cycle operational activities are namely: maintenance services, performance improvement based on operational data collection and analysis, specific operational rule training for the railways undertaking staff, preventive maintenance tooling, innovative service ability introduced at the design level (“designed to maintain”).

The operational experience of EU railways companies and of Japanese operators cumulates many decades of specific knowledge.

The optimisation of the railway networks in EU and in Japan should take benefit of joint initiatives involving operators and industry.

Recommendations from the Japanese industry

ICT

WP-C / # 47 / J to E Applying reduced VAT rate to e-Books

To end the unnecessary discrimination between e-Books and paper books, the BRT recommends e-Books should also be liable for the reduced VAT rate applied in the EU to “culturally-worthy” items and the rate charged should not exceed the rate applied to printed publications.

< Background >

The BRT strongly supports a reduced taxation rate on “culture.” In the EU, the long-standing application of a reduced VAT rate on culturally-worthy products has helped spread fine culture widely and rapidly at lower prices, and has contributed to the development of rich culture and improvement of the quality of life.

e-Books are currently liable for the standard rate of VAT in the EU. Thanks to their lower price, availability of contents, possibility of searching and their saving of resources e-Books offer even better access to fine culture than printed books.

The principles under which the EU VAT regime operates seek to avoid discrimination and to ensure neutrality. The current discrepancy therefore offends the basic principles of the tax.

Recent developments in the EU mean that from 1 January 2012 two Member States (France: 7%; and Luxembourg 3%) have applied the reduced rate to e-books in line with our recommendation. The European Commission (which polices application of EU rules by Member States) has recently announced, following an investigation into the treatment of e-books in France and Luxembourg, that it is referring both countries to the European Court of Justice for breaching EU VAT rules by applying the reduced rates.

Literature, particularly books, promote the culture of each country and each region. In order to protect and promote these cultures, the BRT recommends retention of the fixed book price policy. By doing so, small to medium sized publishers will be protected from extreme fierce price competition which music industry suffered heavily from the actions of one dominant player.