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
BASA	Bilateral Aviation Safety Agreement
BRT	Business Round Table
CATATS	Collaborative Action for Renovation of Air Transport Systems
DSM	Digital Single Market
EASA	European Aviation Safety Agency
EEN	Enterprise Europe Network
ETP	European Technology Platform
EU	European Union
FLM	Forced Localization Measure
FP	Framework Programme
GOJ	Government of Japan
GPA	Agreement on Government Procurement
ICT	Information and Communication Technology
ITA	Information Technology Agreement
ITI	Information Technology Industry Council
ITR	International Telecommunication Regulations
ITU	International Telecommunication Union
JCAB	Japan Civil Aviation Bureau
JEITA	Japan Electronics and Information Technology Industries Association
JEUPISTE	Japan-EU Partnership in Innovation, Science and Technology
METI	Ministry of Economy, Trade and Industry
MEXT	Ministry of Education, Culture, Sports, Science and Technology
MIC	Ministry of Information and Communications
MoD	Ministry of Defence
NATO	North Atlantic Treaty Organization
NCP	National Contact Point
NICT	National Institute of Information and Communications Technology
NIS	Network Information Security
SESAR	Single European Sky ATM Research
SME	Small and Medium Enterprises
UN	United Nations
R&D	Research and Development
WCIT	World Conference on International Telecommunications
WSIS	World Summit on the Information Society
WTO	

VAT	World Trade Organization Valued Added Tax

Introduction

The Government of Japan and the European Commission have been negotiating towards a Free Trade Agreement and a Strategic Partnership Agreement for more than two years. In April 2013 and in April 2014 the BRT has extended proposals to cooperate with negotiators and help to resolve technically complex issues. As we cannot see concrete improvement in our business and lack information on the status of negotiations regarding our issues, we uphold most previous recommendations. In order to make this document useful, however, we again highlight our priority issues, mostly joint recommendations, i.e., from both the EU and Japanese sides. We also mention new issues in each sector, where applicable, and reiterate our offer to help resolve issues.

ICT

We uphold all previous years' recommendations.
The BRT highly appreciates that the European Commission positioned the Digital Single Market as one of the most important policy packages. In particular the BRT supports the recent announcements from the European Commission published on 25th of March on an official press release. Topics as Data Flows, Data Protection, Standards and Industry 4.0 are top priorities. The BRT is available to collaborate with the European Commission to define the DSM Strategy. The BRT expects that the EU regulations will be streamlined under the Digital Single Market Strategy to be released in May 2015. Global rules on ICT need regular updates to reflect latest technology developments and business models. The EU and Japan should influence international negotiations by taking harmonized actions based on our common principles regarding internet governance, cybersecurity, privacy protection, data utilization, cross-border data flows and forced localization measures.

Innovation in General

We uphold all previous years' recommendations.
The EU and Japan face similar societal challenges such as aging populations and climate change. To address these complex global issues, governments should harness the innovation capacity of the private sector through a better R&D business environment. Funding Programmes such as Horizon 2020 should increase the efforts towards open collaboration between the EU and Japan. Funding Programmes to finance Innovation and collaboration are crucial.
Facilitating bilateral R&D collaboration with the participation of academia, public and private sectors will contribute to the creation of innovative products and services that can be deployed in both regions and also in the rest of the world.
Regulatory cooperation between the EU and Japan will also facilitate the deployment of new services and products.

Aeronautics

We uphold all previous years' recommendations.
Europe's aeronautics industry is a major supplier to the world market, and Japan with its many advanced technologies may soon follow in its footsteps. Both, however, are challenged by aggressive new entrants. In this context, joint technology and project development are necessary for both sides to maintain their technological leadership and competitiveness. EU-Japan industrial cooperation already exists in helicopters and aeroengines, but the potential is much higher. 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 environmental, social and safety requirements.

Space

We uphold all previous years' recommendations.
The EU and the Japanese space industries are major suppliers of space products and services. The space market, however, is small with limited growth prospects. As government budgets remain low and competition increases, mutually open markets and cooperation are necessary 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 very satisfied with the creation and first meeting of the EU-Japan Space Policy Dialogue, and advise urgent and close regulatory cooperation in the area of space operations.

Defence Industries

We uphold all previous years' recommendations.
Potentially momentous changes have been occurring in Japan's defence equipment sector. Cooperation between the Japanese and EU defence industries shows signs of budding as a result. Taking note of the fact that most of the progress being made is between Japan and individual EU Member States, we urge a steady continuation of this fruitful bilateral process while also recommending discussions between Japan and both the European Commission and the European Defence Agency.

Railways

We uphold all previous years' recommendations.
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. Working towards harmonization and mutual recognition of standards would be a welcome development.

One asterisk (*) identifies "priority" Recommendations, two asterisks (**) identify "top priority" Recommendations.

Recommendations from both European and Japanese industries

WP-C / # 01** / EJ to EJ Cybersecurity of Critical Infrastructure

Trust, safety and robustness are key pillars expected of cyberspace and physical infrastructure supported by ICT. The BRT appreciates that both sides' Authorities are already working on joint initiatives on cybersecurity issues, and also encourages further cooperation between the EU and Japan on safe and robust infrastructure based on ICT.

Security of data and, preventing damaging leaks from public or private organizations is a key growing issue, as more and more data go into clouds and are processed from it. A common frame of best practices related to protection from and adequate response to cyber-attacks should be established by both Authorities. Cooperation between critical infrastructure operators and ICT service providers is a must in order to address cyber threats. The BRT considers that security notification reporting should be applied only to critical infrastructure operators and that such a requirement should not be applied to enablers of internet services. The BRT requests that both sides' Authorities enhance the quality and volume of human talent in the cybersecurity area.

Finally, due to the sometimes crucial role played by ICT in supporting and developing key lifelines (energy, transportation, etc.), a robust ICT sector is especially important. Considering the development and smartening of the infrastructures including Electricity Grid Transmission, the BRT recommends the Authorities to encourage the private sector to construct resilient and safe ICT infrastructures in order to both promote the development of new technologies and guarantee an adequate level of protection for critical infrastructures.

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There has been good progress on this recommendation. In the joint statement of the 22nd EU-Japan Summit held in May 2014, the EU and Japan shared their recognition of risks in cyberspace and agreed to launch a Cyberspace Dialogue. Based on the agreement at the Summit, In October 2014, the 1st Meeting of the Japan-EU Cyber Dialogue was held in Tokyo.

In November 2014, Japan adopted the Basic Law for Cybersecurity. Based on this basic law, a Cybersecurity Strategy Headquarters was established and is in the process of formulating a new Cybersecurity Strategy.

In March 2014, the European Parliament voted to give mandate to negotiate with the Council on the NIS Directive. Several informal trilogues are conducted among the European Commission, the European Parliament and the EU Council.

< Background >

Risks surrounding Cyberspace are increasing. Cyber-attacks against critical infrastructure are serious threats to society. The operations of critical infrastructure such as energy, transportation, water, etc., are highly dependent on ICT. It means that defending critical infrastructure from cyber threat is indispensable for maintaining the business operations and a stable civil society. Addressing these serious issues requires a close international cooperation of the public and private sectors.

WP-C / # 02** / EJ to EJ Balancing Privacy Protection and Innovation

The responsible collection and use of personal data is important not only for the ICT industry but also for the entire society. The BRT requests both sides' Authorities to set clear rules for the use of each category of data, thus enabling data transfers and creating an environment that facilitates the utilisation of "big data" in a responsible way that also protects privacy. The BRT also requests both sides' Authorities to adopt laws and regulations on data protection which are compatible with each other, so that there is no gap in data protection and enterprises can conduct business without concern about different data protection regimes. The BRT welcomes Japan's decision to revise its personal data protection regime.

The BRT also welcomes that the European Commission prioritized the Digital Single Market as its policy agenda and positioned the single data protection rule as important pillar for Digital Single Market in the EU.

The BRT recommends that Japan's new law consolidate the currently fragmented authorities over personal data protection to one independent data protection authority and ensure transparency and foreseeability for both domestic and foreign-based companies.

The BRT also strongly recommends the authorities of Japan make sure that the amended law will satisfy the adequacy-finding procedure under the EU system.

The BRT suggests that a reasonable and equitable 'safe harbour' agreement between the EU and Japan or an adequacy-finding procedure under the EU system be explored after or during the completion of the reforms of the two regimes.

Concerning the draft EU General Data Protection Regulation, the BRT thinks that the authorities of the EU should balance privacy protection and innovation, and recommends an active use of recognised certification schemes in international data transfers, a clearer definition of extraterritorial applicability, a flexible notification period in case of a breach, simplified rules for the cross border transfer of employee data within multinational companies, and the maximum fines to be proportionate and equitable. The BRT expects the adoption of EU General Data Protection Regulation by the end of 2015 to the extent possible.

Furthermore, both sides' Authorities should launch a dialogue 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 personal data by complying with one regime.

< Yearly Status Report >

There has been good progress on this recommendation. The draft EU Regulation is in the process of deliberations and might be adopted by the end of 2015.

A revision of Japan's personal data protection law is under discussion at the Diet. The draft law includes the establishment of an independent authority responsible for personal data protection.

< Background>

The European Parliament voted in its plenary session in March 2014 and adopted the amendments proposed by the committee on Civil Liberties, Justice and Home Affairs (LIBE), the committee responsible for the proposal. The amendments by the EP keep harsh conditions on business entities such as potential fines up to 5% of an enterprise's annual worldwide turnover or 100 million Euros (whichever is greater) for data breach or complicated requirements on consent and erasure, although it

introduces a definition of pseudonymous data and the certification program that would be favourable for business enterprises considering the use of personal data.

Paving the way for a more comprehensive agreement in 2015 at a Council level, agreements on key aspects of a data protection were reached in June, October and December 2014 and in March 2015 by the Justice Ministers of the Member States (rules in case of non-EU entities involvement, rules of territoriality, rules on processing data, and partial rules for the public sector).

WP-C / # 03 / EJ to EJ <u>Cooperation to Maintain an Open and Transparent Internet (Internet Governance)</u>**

The BRT supports the past coordinated efforts on Internet Governance by both sides' Authorities and expresses its utmost gratitude to the Leaders and Authorities of the EU and Japan for the leadership and efforts they have shown in relation to this issue. 2015 is an important year as the UN General Assembly will review the WSIS activities therefore we request both sides' Authorities to continue cooperating in order to maintain an open and transparent online environment involving multi-stakeholders.

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In February 2014, The European Commission released its communication "Internet Policy and Governance" on the EU's role in shaping the future of Internet Governance.

In March 2015, DG CONNECT and the Ministry of Internal Affairs and Communication (MIC) held 21st EU-Japan ICT Policy Dialogue and discussed Internet Governance among others.

< Background >

Internet has become an indispensable social infrastructure to sustain citizens' life, innovation, and economic growth. The BRT acknowledges that several innovative services using internet have emerged under the multi-stakeholders / international governance mechanism. At WCIT 2012, revisions of ITRs were discussed by ITU member states. Different positions on governance among countries became obvious, and international governance remains a key topic in current discussions.

Several top level international meetings on Internet governance have been held in 2014 (Global Multistakeholder Meeting on the Future of Internet Governance in April in Brazil and the ITU Plenipotentiary Conference in October in the Republic of Korea) , advocating for a global Digital governance and some more are planned for 2015 (including the General Assembly's special high-level meeting in December). Reflecting a global trend regarding global governance, it is to be noted that ICANN should transition to international governance in September 2015.

WP-C / # 04 / EJ to EJ <u>Concerns on Emerging FLMs and Market Access Improvement in Third Countries</u>**

The BRT has serious concerns that some countries are implementing Forced Localization Measures (FLMs). Both sides' Authorities are requested to take coordinated actions against FLMs such as compulsory requirements of local facilities and subsidiaries for services provisioning, forced local technology transfers and local testing requirement etc., when those measures are not necessary, are unfair, or obviously interfere with the rightful and un-hindered provisioning of services to the users. These kinds of FLMs have a potential to be a real threat to free global trade. Maintain the business environment to realize "Cross Border Data Flow" is imperative for multinational companies and citizens who consume several services offered by global players.

The BRT also requests that both sides' Authorities intensively work on an ambitious and comprehensive trade liberalization policy of services over the internet with the purpose of facilitating cross-border business and data flows, including a clear standard for taxation of cross-border digital contents. This will help actors on all layers (infrastructure providers, operators and service providers) to thrive in synergy for the overall benefit of the final users. The BRT highly appreciates that at 18th EU-Japan Industrial Policy Dialogue, DG GROW and Ministry of Economy, Trade and Industry (METI) agreed to deepen the cooperation in Forced Localization Measures in ICT and personal data protection etc.

< Yearly Status Report >

At the 22nd EU-Japan summit held in May 2014 in Brussels. The EU and Japan emphasised the importance of enhancing cooperation in the current negotiations of Trade in Services Agreement. The BRT notes that the rules of application of VAT to digital contents sold in Japan from abroad have been clarified by the MOF in June 2014. A clarification of such rules as well as their mutual fairness is needed for the expansion of digital trade between Japan and the EU.

In October 2014, ICT industry representatives and governments from Europe, Japan and the United States held a trilateral meeting to discuss the challenge of forced localization measures. The meeting was organized by DIGITALEUROPE and the Japan Electronics and Information Technology Industries Association (JEITA), and the Information Technology Industry Council (ITI). They shared efforts to prevent and tackle this issue and agreed to enhance coordination by enhancing policy communication, dialogue, and joint action. Particularly, recognizing serious impacts on the growth of global economy, DIGITALEUROPE, JEITA, and ITI adopted "The Tokyo Resolution on Combatting Data Localization Requirements" to combat data localization requirements.

In March 2015, DG GROW and METI adopted a Joint Document on Regulatory Cooperation between the EU and Japan.

< Background >

The ITA facilitated the global trade of IT products and contributed substantially to the global economy. In the ICT sector, services are an important component of business in addition to products. Global rules on digital services need modernization reflecting technology development and emerging business models.

WP-C / # 05* / EJ to EJ <u>Continued Efforts for Conclusion of ITA Expansion</u>

The BRT requests that both sides' Authorities set a near-term deadline for WTO talks and try to bring the current negotiations to expand the ITA to a successful conclusion. To enjoy the outcome of ITA expansion, we urge zero or shorter staging periods for the majority of negotiated products.

The BRT also requests that, in the expanded ITA, compulsory and periodical review mechanisms be built in order to ensure that the ITA will always be kept up-to-date and reflect technological developments.

< Yearly Status Report >

Negotiators of ITA expansion participated in the WTO meeting in December 2014 to conclude the negotiation. But unfortunately, they could not finalize the negotiation. WTO Director General Roberto Azevêdo urged members to remain actively and constructively engaged to bridge the gaps in the negotiations.

< Background >

An ITA expansion would boost trade, remove uncertainties relating to product classification, and ensure technological developments across all economic sectors and public services. Both Japan and Europe will benefit from the development of a major industrial sector that is a driver, in virtually all other sectors and in public services, of productivity, innovation, job creation, improved competitiveness, and service quality.

Unlike the current ITA, which has not been updated since 1996, a built-in periodical review mechanism will enable additional categories of ICT goods to be traded duty free and will minimize the risk of current and future innovative technological developments giving rise to product classification uncertainties.

WP-C / # 06 / EJ to EJ <u>Fundamental Reform of the Private Copying Levy System (Compensation System for Private Copying)</u>

The EU and Japan should cooperate to reform fundamentally the private copying levy system taking into account the evolution of technology and distribution channels for lawful digital contents.

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.

<Background>

Current compensation is based on private copying levies and sometimes dates back to the analogue era. Private copying levy regulations do not address piracy. New emerging and expanding business models may be hindered by current levy system. Furthermore the rules vary greatly across Europe and this is in contradiction with the Internal Market principles of the free movement of goods and services.

Innovation in General

WP-C / # 07* / EJ to EJ Work towards International Standardisation at Joint R&D Programmes

Both sides' Authorities should specifically favour joint R&D programmes that are geared towards international standardisation such as standardisation in advanced manufacturing and in the Internet of Things. Regulatory cooperation for emerging technologies between the EU and Japan will facilitate the deployment of new services and products in both regions.

< Yearly Status Report >

In March 2015, DG GROW and METI held the 18th Annual Meeting of the EU Japan Industrial Policy Dialogue in Brussels and adopted a joint document regarding the regulatory cooperation between the EU and Japan.

< Background >

The EU and Japan share common societal challenges such as aging population, climate change, resources constraints, etc. Enhancing cooperation between EU and Japan expertise will increase possibilities to create new products and services addressing complex issues. However, a real breakthrough is possible if both economies and Authorities use the same standards, so that double certification will not be needed. As this is more difficult to achieve for incumbent technologies and markets, at least new standards should be developed jointly as much as possible. It is well known that the seeds for standards are already defined at the R&D level, thus joint R&D programs should encourage joint standardisation activities.

WP-C / # 08* / EJ to EJ Sharing Vision and Roadmaps for a Better Coordination of R&D Projects/Programmes

To make the programmes even more effective to manage and accessible from the industry, the procedure for preparation and launch of coordinated calls should be well discussed by both parties and standardised. Especially, transparency should be enhanced throughout the application and evaluation processes. Clearly mentioning correspondences between European and Japanese calls would greatly facilitate the identification of opportunities for cooperation. If possible, synchronized publication of such calls would be desirable. Both sides' Authorities should increase matchmaking activities between EU and Japanese industry to find out common themes. For sharing the vision and working on the common roadmaps, the industry-led activities of European Technology Platforms (ETPs) can be a model.

To increase participation in the respective R&D projects of each region, the BRT recommends authorities to promote the services offered by the newly established

National Contact Point in Japan for Horizon 2020 and other relevant instruments (including EEN) to widely circulate R&D call notifications and support the formation of partnerships. The BRT hopes that initiatives under Horizon 2020 and the forthcoming 5th Science and Technology Basic Plan in Japan will lead to further EU-Japan strategic R&D cooperation.

The BRT welcomes the successful outcome of the EU-Japan ICT Policy Dialogue held in March, 2015 between MIC and DG CONNECT. It confirmed the importance of policy coordination and R&D cooperation in the ICT field to promote growth and competitiveness. In particular, the BRT welcomes their announcement of the forthcoming signature of the EU-Japan 5G (5th Generation mobile communication systems) Ministerial Joint Declaration.

< Yearly Status Report >

A few joint calls for proposals under Horizon 2020 were released in the fields of aeronautics and ICT.

In October 2014, the European Commission, Japan's MIC and NICT held the 5th EU-Japan Symposium in ICT Research and Innovation in Brussels to discuss updates on Joint R&D ICT projects between the EU and Japan.

In March 2015, a Horizon 2020 project, SUNJET II organized in Tokyo the "Europe-Japan Symposium Electrical Technologies for the Aviation of the Future".

To further enhance EU-Japan cooperation in research and innovation, a new project called JEUPISTE was launched in Sep. 2013 under FP7. Since its nomination as NCP of Japan, the EU-Japan Centre for Industrial Cooperation conducted several activities to facilitate R&D collaboration between the EU and Japan (translation of key Horizon 2020 contractual documents, organization of seminars on ICT (December 2014) and Renewable Energy (February 2015), organization of seminars/workshops in cooperation with local hosts (grass-root approach, tailored to specific needs), establishing the Horizon 2020 portal site for Japan and networking and exchanging information with other NCPs.

The Government of Japan is developing its 5th Science and Technology Basic Plan.

< Background >

Science, Technology and Innovation are engines for growth. Ideas cannot be prevented from crossing borders. Consolidating expertise from both regions will be an effective way to address current complex global issues. Countries can make more effective use of human resources and financial funds if their R&D programmes are coordinated and if mutual access to R&D programmes is easier for participants from both regions. Coordination should also be promoted at local/regional levels (e.g. Smart Specialisation). A similar coordination should be promoted by coordinating the work of Chambers of Commerce, Industrial Associations and Universities.

WP-C / # 09* / EJ to EJ Tax credits and other incentives for R&D

The BRT recommends further enhancement of tax credits for R&D, public-private cooperation in the procurement of R&D results, etc., in particular for SMEs. The authorities should not change the laws and rules too often, otherwise companies will be reluctant to plan long-term R&D.

< Yearly Status Report >

The Government of Japan (GOJ) extended and expanded special treatment of R&D tax credit in the FY2014 Tax Reform.

< Background >

R&D presents in itself a high risk for companies. Authorities should help to reduce the cost of such risks and apart from subsidies, tax credits present another effective solution. Particularly SMEs, with limited access to funding, will benefit from tax credits as the simplest and least bureaucratic form of R&D subsidy. Tax credits should take into account the long-term nature of R&D, which requires long-term planning of funds and expense management. Tax credits should therefore be established for a prolonged period, so that companies can plan their R&D expenditures effectively.

Aeronautics

WP-C/ # 10 / EJ to EJ Government-Led Industrial Cooperation in Aeronautics**

The Authorities of Japan and the EU should 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.

<Yearly Status Report>

Some progress has been made on this recommendation.

<Background>

Europe's aeronautics industry has long been a major supplier to the world market. Japan also has many advanced technologies. Both are challenged by new entrants. In this context, joint technology and project development are necessary for both sides' companies to maintain technological leadership and competitiveness, and for governments faced with severe budgetary constraints. Some Europe-Japan industrial cooperation exists in helicopters and aeroengines but the potential is much greater.

EU-Japan industrial cooperation in civil airliners has stagnated since the early 2000s, when 15 Japanese suppliers joined the A380 programme. The situation is better for Japanese participation in engine programmes and as suppliers of carbon fibre materials. The aerospace industries of other countries have improved significantly in recent years and price competitiveness has become a key decision criterion.

Europe and Japan support mostly separate research programmes on environmental issues, from noise to emissions. 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 / # 11* / EJ to EJ Cooperation in aircraft certification

Cooperation between Japanese and European aircraft certification authorities

should be upgraded. Specifically, the BRT recommends the signature of a Bilateral Aviation Safety Agreement (BASA) between the JCAB and the EASA that would cover both type certification and maintenance activities.

< Recent Progress >
Significant 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 equipment 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.

WP-C / # 12 / EJ to EJ <u>Cooperation on Navigation Regulations for Helicopters</u>

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.

<Yearly Status Report>
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.
Moving forward for bilateral agreement between EASA and JCAB is also expected by the aviation industries.

<u>Space</u>

WP-C / # 13 / EJ to EJ <u>Regulatory Cooperation in Space Operations</u>

Japanese and EU Authorities should use their new EU-Japan Space Policy Dialogue to discuss regulatory cooperation in space operations.

< Yearly Status Report >

This is a new recommendation.

< Background >

We welcome the first meeting of the newly created EU-Japan Space Policy Dialogue on 7 October 2014. It covered many areas of mutual interest.
The Government of Japan, on the other hand, is preparing legislation to regulate Space operations by Japanese entities. Similar legislation already exists in the EU, mainly including some EU Member States. Healthy EU-Japan trade and cooperation in space services calls for common legislative and regulatory ground that could be examined within the EU-Japan Space Policy Dialogue.

Moreover, during the first EU-Japan Space Forum on 8 October 2014, Japan and EU Space Industry participants have outlined the need for industrial cooperation in both Civil and Defence thematics that will lead to many technological, budgetary and industrial advantages. Such cooperation will also be studied under this current dialogue in fields like Communication and Earth Observation services.

WP-C / # 14 / EJ to EJ <u>Mutual Backup of Government Satellite Launches</u>

Japanese and EU Authorities should bring about a mutual backup cooperation scheme of government launches using Japanese and European launcher fleets.

< Yearly Status Report >

No progress has been seen on this recommendation.

< Background >

Europe's launcher Ariane 5 and Japan's H-IIA are in an arrangement to back up each other's commercial satellite launches. This reduces the risk of long launch delays due to launcher technical problems. Years of discussions between the MEXT and the European Space Agency towards a similar back-up arrangement for government launch missions have not produced results.

Defence

WPC # 15 / EJ to EJ EU-Japan Cooperation in Defence Equipment

Potentially momentous changes have been occurring in Japan's defence equipment sector. Cooperation between the Japanese and EU defence industries shows signs of budding as a result. Taking note of the fact that most of the progress being made is between Japan and individual EU Member States, we urge a steady continuation of this fruitful bilateral process while also recommending discussions between Japan and both the European Commission and the European Defence Agency.

< Yearly Status Report >

This is a new recommendation.

Railways

WP-C / # 16 / EJ to EJ Railway Market Access

Both authorities should establish an open description of compliance requirements as well as current validation processes. The certification procedures relevant for the railways should be made fully transparent to both parties. They should mutually inform of their evolutions.

For that purpose, both sides' authorities should continue their efforts to ensure that their commitments, such as on procurement transparency and non-discrimination as well as defining the operational safety clause that were agreed in 2014, are fully implemented to result in much more significant improvements in actual market access conditions.

In addition, 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 procedures in both sides' networks.

< Yearly Status Report >

Significant progress has been achieved in addressing this topic: the players in the railway sector of the both sides have made efforts to understand the difference between the two systems for the past few years in parallel with negotiations on FTA/EPA especially through the Railway Industrial Dialogue launched in March 2014. Although it still needs to be improved, their mutual understanding has improved.

The European Commission and the Japanese Ministry of Land, Infrastructure, Transport and Tourism agreed on matters such as procurement transparency and defining the scope of the safety requirement clause.

The EU finally lifted its objection on the withdrawal of the three JR companies from Japan's GPA Annex III to the WTO Secretariat and these companies simultaneously published their voluntary codes of conduct regarding material procurement.

JR East (East Japan Railway Company), one of the three JR companies, has already opened its procurement of safety signalling systems to European companies and recently announced new international tender for the procurement of 18 diesel cars.

< Background >

(1) The EU and the Japanese railways both respectively have long and successful experience in the railway safety domain.
(2) The legal requirements, management systems and business practices of railways in the EU and Japan are not similar to each other. Notably, the responsibility for the safety and reliability of equipment and systems falls on different players: while, in the EU, manufacturers are mainly responsible for obtaining safety certification, in Japan, railways operators are responsible for obtaining safety certification.
(3) Safety certifications drive many railways equipment and systems procurement requirements.
(4) In order to address the difference in safety certification, opening a dialogue between both sides' industry players, especially between the manufacturers of the two sides, could be an appropriate way. It would foster the cross-fertilisation of safety performance of the global railways industry.
(5) On 27 March 2014, the first dialogue of the railways that involved nearly all the players in the EU and Japan in the sector was organised in Brussels under the sponsorship of the European Commission and the Japanese government. On 4 December 2014, the second dialogue was held in Tokyo.
(6) The BRT supports this initiative. Such an industrial-sector dialogue to enhance mutual understanding is useful and should be held regularly.
(7) During the past 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 relate to specific requirements for safe operation of relevant railway networks. The European Railway Agency is taking care of the certification coordination among EU Member States' National Safety Authorities. In its so-called "Fourth Railway Package" proposal, the European Commission is paving the way for a common certification procedure to be granted by the European Railway Agency.
(8) The BRT hopes by taking the above progress into consideration, that win-win solutions will be found through such a dialogue that will help the development of both the EU and Japanese railways industries in and outside the two regions.

Recommendations from European industry

Aeronautics

WP-C / # 17** / 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 to allow 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.

< Yearly Status Report >

No progress has been seen on this recommendation. However, the recent approval of the 747-8i (Code F aircraft) for day-time operations in Haneda offers hope that the A380 (also a Code F aircraft) will be approved soon for day-time operation as there are some airlines looking at operating the A380 into Haneda.

< 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. This will prevent Japan from realising its objective to grow the number of visitors from 13 million per annum today to 20 million by 2020, when the Tokyo Olympics will take place. The average size of aircraft departing Haneda (230 seats) is now lower than it was in 1980 (240 seats) when 747s were used domestically. To see traffic grow at Tokyo's airports and more specifically Haneda, work needs to be done to ensure larger aircraft can be used at Haneda. 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 line-up 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**	308.9	268.9	396.0	286.9
Main gear load, t/gear	139.5	**161.6**	**146.9**	126.0	92.8	134.9
Wheel load	26.2	**26.9**	24.5	**31.5**	23.2	22.5

Space

WP-C / # 18* / 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.

< Yearly Status Report >

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.

Defence

WP-C / # 19 / E to EJ Internationally Recognized Procurement Processes for Defence Equipment and Services

The following should be applied to all defence procurement processes:

(1) Japan should improve transparency towards foreign suppliers by making the Statement of Requirements for procurement processes more widely available.
(2) Japan's MoD should adopt NATO standards for the initial research and development phase to strengthen competition and reduce development risk.
(3) 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.
(4) Greater emphasis should be 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.
(5) 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.
(6) 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.
(7) 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.
(8) The BRT would also encourage MoD to create an appeal process.

< Yearly Status 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.