



## 24<sup>th</sup> Annual Meeting of the EU-Japan Business Round Table

15 November 2022, Tokyo

### **“EU & Japan – Going Digital, Going Green”**

#### JOINT RECOMMENDATIONS

The 24<sup>th</sup> Annual Meeting of the EU-Japan Business Round Table (‘BRT’) took place in Tokyo and addressed green, digital, and other issues of common interest. It was the first time in three years that Europe and Japan-based BRT Members and representatives of the EU and Japanese Authorities were able to meet in person. Additional participants joined the meeting remotely. The BRT’s 84 members are business leaders, with two thirds coming from large companies, and a third from SMEs, business associations, chambers of commerce and other organisations. The meeting was co-chaired by Masaki Sakuyama, Senior Corporate Advisor to Mitsubishi Electric Corporation and by Philippe Wahl, Chairman and CEO of La Poste Groupe<sup>1</sup>.

#### **YEAR-IN-REVIEW**

Since the BRT’s last Annual Meeting in November 2021, much has changed for our respective economies, with these changes keenly being followed by the BRT’s members such as through the BRT co-Chair’s 19 May Joint Statement<sup>2</sup> applauding the success and promise of EU-Japan relations seen in the new Digital Partnership that had been announced at the EU-Japan Summit held on 12 May 2022.

The current geo-economic context including surging energy costs, inflation, and further risks of disruption in global supply chains has impacted upon the normal course of business and highlights even more the continued value of promoting cooperation between Japan and the EU as like-minded partners.

#### **2022 BRT ANNUAL MEETING THEMES**

The BRT and its Members stand at the forefront of elaborating, fostering, and enabling the transformations taking place within business, industry, societies and communities, and see ‘Digital’ and ‘Green’ as pillars that the BRT can build upon. Other topics of mutual interest addressed during the ‘Frontiers’ discussion are also essential.

#### **2022 BRT JOINT RECOMMENDATIONS**

**On the topic of ‘DIGITAL’**, the BRT highlights the following topics and their respective approaches:

##### *DIGITAL TRANSFORMATION & THE JAPAN-EU DIGITAL PARTNERSHIP*

- The BRT enthusiastically welcomes the Japan-EU Digital Partnership launched in May this year<sup>3</sup>.
- The BRT welcomes the decision to launch negotiations between the two parties for the inclusion of provisions on the free flow of data into the EU-Japan EPA and calls for an ambitious and early outcome<sup>4</sup>.
- In that context, the BRT supports the expansion of EU-Japan cooperation in utilising Data Free Flow with Trust (DFFT); cyber resilience of digital infrastructure; open and secure 5G/6G; ensuring the consistency of policies and standards related to AI, robotics, and cyber security.
- The BRT also strongly supports the acceleration of Green Transformation (‘GX’) to effectively utilise digital technologies (‘DX’). Now is the time to realise the synergic effects of ‘Green by Digital’.

<sup>1</sup> <https://www.eu-japan-brt.eu/brt-members>

<sup>2</sup> See [https://www.eu-japan-brt.eu/sites/eu-japan-brt.eu/files/recommendations/brt\\_ejs2022\\_final\\_en.pdf](https://www.eu-japan-brt.eu/sites/eu-japan-brt.eu/files/recommendations/brt_ejs2022_final_en.pdf)

<sup>3</sup> See <https://www.consilium.europa.eu/media/56091/%E6%9C%80%E7%B5%82%E7%89%88-jp-eu-digital-partnership-clean-final-docx.pdf>

<sup>4</sup> See [https://policy.trade.ec.europa.eu/news/eu-and-japan-start-negotiations-include-rules-cross-border-data-flows-their-economic-partnership-2022-10-07\\_en](https://policy.trade.ec.europa.eu/news/eu-and-japan-start-negotiations-include-rules-cross-border-data-flows-their-economic-partnership-2022-10-07_en).

## *DIGITAL UPTAKE FOR SMES*

- SMEs are the economic foundation for many countries and regions. The BRT wholeheartedly recommends that SMEs should be a focus for digital transformation with the provision of solutions and ecosystems for SMEs regarding digital security, online platforms and blockchain ecosystems. Solutions should also minimise, mitigate, and where possible, remove the risks for SMEs that face missed or unknown opportunities, barriers to adoption, and risks of losing out to larger, early adapters.

**On the theme of ‘GREEN’**, the BRT highlights the following topics and their respective approaches:

### *PATHS TO CARBON NEUTRALITY & ENERGY TRANSITION*

- The BRT welcomes the establishment of the Climate Club<sup>5</sup> and stresses that a realistic transition should also be considered carefully by the EU and Japan. The BRT supports the implementation of the EU taxonomy as a key lever to drive green investments but underlines that it should be more in line with business realities so as not to hamper business development. The BRT also welcomes Japan’s establishment of a GX Implementation Council announced in July<sup>6</sup>.
- The BRT supports efforts by the private and public sectors to enhance energy efficiency, wise consumption, and transitions. In the longer term, energy efficiency is also an essential component in achieving net zero emissions.

### *BIODIVERSITY & BIOECONOMY*

- The BRT considers that there is a strong case for strengthening efforts such as the Strategic Plan for Biodiversity 2011-2020, the Aichi Biodiversity Targets, and National Biodiversity Strategy and Action Plans (NBSAPs)<sup>7</sup>. The BRT also believes innovative technologies will have a key role in solving problems in a broad spectrum of fields such as medical care, food, and environmental conservation.

**On the theme of ‘FRONTIERS’**, the BRT highlights the following topics and their respective approaches:

### *RESILIENT ECONOMIES, SOCIETIES, CITIES AND SOCIAL INFRASTRUCTURE*

- Japan and the EU are strongly encouraged to leverage the EU-Japan EPA and strengthen ties with like-minded countries to rebuild supply chains and secure stable supplies of energy and food, and introduce disaster prevention and mitigation solutions that make social infrastructure more resilient to disasters.

### *REGULATORY COOPERATION & COOPERATION IN THIRD COUNTRY MARKETS*

- The BRT welcomes the continuous efforts by the EU and Japanese Authorities on regulatory cooperation through policy dialogues and emphasises the importance of attempts made by the 12<sup>th</sup> WTO Ministerial Conference in recognising the significance and urgency of responding to the challenges and concerns regarding the moratorium on e-commerce, as well as the dispute settlement system, including the WTO Appellate Body. The EU and Japan should seek ways and means to expand and strengthen cooperation in third country markets through active and mutually beneficial projects and initiatives.
- The BRT underlines that enhanced EU-Japan industrial cooperation for stable, predictable, and growing economies can be attained through properly functioning and resilient supply chains.

### *EDUCATION AND EQUALITY – ‘EMPOWERING WOMEN’*

- The BRT welcomes the fact that Japan will host the 2022 World Assembly for Women in Tokyo on 03 December 2022, with its focuses on ‘technological innovation and human resource development’, ‘diversity and corporate management’, ‘the future of the family’, among others. The BRT considers initiatives such as these an encouraging sign and pathway for empowering women<sup>8</sup>.

## **WORKING PARTY RECOMMENDATION HIGHLIGHTS**

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<sup>5</sup> See <https://www.g7germany.de/resource/blob/974430/2057926/2a7cd9f10213a481924492942dd660a1/2022-06-28-g7-climate-club-data.pdf>

<sup>6</sup> See [https://japan.kantei.go.jp/101\\_kishida/actions/202207/\\_00021.html](https://japan.kantei.go.jp/101_kishida/actions/202207/_00021.html)

<sup>7</sup> See <https://www.cbd.int/sp/>

<sup>8</sup> See [https://www.mofa.go.jp/fp/pc/page23e\\_000181.html](https://www.mofa.go.jp/fp/pc/page23e_000181.html)

**The BRT also endorses the Recommendations to the Authorities prepared by its four Working Parties.**

The full sets of recommendations from the Working Parties are available as separate documents<sup>9</sup>, while key, overarching points that each Working Party would like to highlight can be found below:

*(WP1) Trade Relations; Investment and Regulatory Cooperation; Financial Services, Accounting and Taxation:*

- Reinforce the negotiating pillar of the WTO to better disseminate the benefits of global value chains and renew the moratorium on customs duties on electronic transmissions, noting that the custom duty-free distribution of electronic transmissions is at the core of technological innovation and the digital economy.
- Advance regulatory cooperation for eliminating barriers to trade and investment including digital issues in order to foster economic growth and a human-centric digital transformation and promoting harmonisation to ultimately remove the need for re-testing or re-approval for the ‘other’ market.
- Ensure timely negotiations on bilateral/regional agreements on personnel movements under COVID-19 and future pandemics so that business people can travel between the EU and Japan and companies can bring in new top management such as CEOs, and specialists such as engineers, without hindrance.

*(WP2) Life Sciences & Biotechnology, Healthcare and Well-Being:*

- Continuously review the current pricing system for pharmaceuticals to strengthen the reward for innovation, thereby maintaining incentives for companies to develop new drugs and bringing them rapidly to patients in Japan to meet their needs, without delay from key EU countries.
- Promote regulatory reform to accelerate international regulatory harmonisation and apply more flexible evaluation processes for breakthrough products to adapt to rapidly evolving innovations.
- Promote emerging technologies for biopesticides, biostimulants and RNA interference and harmonise registration systems to mutually accept such technologies which are needed for sustainable agriculture and food production.

*(WP3) Digital Innovation & Mobility:*

- Strengthen EU-Japan Cooperation to realise DFFT by global digital trade rule-making, EU-Japan EPA, EU-Japan Digital Partnership and social implementation of digital technologies.
- Strengthen cooperation between the EU and Japan in advanced research and development towards 6G, and promote open 5G networks, encourage free and vigorous competition in the 5G equipment market, and enhance the resilience of the supply chain.
- Support, develop, and implement human-centered, trusted AI applications to protect citizens’ fundamental rights.

*(WP4) Environment & Sustainable Development:*

- Find technologically and economically viable options and take a flexible approach with a reasonable and realistic transition period utilising digital technologies as much as possible towards achieving an ambitious target for a decarbonised society.
- Continue to lead international discussions regarding natural capital and biodiversity and promote the study and development of the natural capital value of forests and develop policies that encourage business to support providing solutions and services contributing to the sustainability of agriculture by using the latest digital technologies.
- Address with utmost priority the development and implementation of secure, safe, resilient, and high-quality city infrastructures that consider life-cycle cost, which is essential for realising sustainable and inclusive societies and promote policies to develop infrastructure for data utilisation.

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<sup>9</sup> The individual Working Party documents can be found at <https://www.eu-japan-brt.eu/annual-meeting-2022>

## **ADDITIONAL ASPECTS FOR STRENGTHENING THE EU-JAPAN PARTNERSHIP**

The BRT calls on the EU and Japan to strengthen their cooperation on research and innovation in science and technology as common areas of strategic importance. For that purpose, the BRT welcomes the EU and Japanese Authorities' discussions on Japan's position as a potential associated country in the Horizon Europe Research & Innovation Framework Programme.

The BRT also sees great promise in the expanded standardisation in industries for promoting interoperability, ensuring safety, reducing costs, promoting innovation, and transitioning to green and digital.

Japan and the EU will continue to strengthen cooperation in both the public and private sectors as important partners sharing values such as freedom, democracy, rule of law, and human rights with common interests essential for addressing current and future challenges. To this end, the BRT welcomes the fact that the EU and Japan held their second High-level Economic Dialogue on 25 October<sup>10</sup> where they confirmed their strategic alignment on key economic and geopolitical issues, addressed new economic policies and ambitions and discussed other issues.

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<sup>10</sup> See [https://policy.trade.ec.europa.eu/news/eu-and-japan-strengthen-economic-cooperation-through-high-level-dialogue-2022-10-25\\_en](https://policy.trade.ec.europa.eu/news/eu-and-japan-strengthen-economic-cooperation-through-high-level-dialogue-2022-10-25_en) and [https://www.mofa.go.jp/mofaj/press/release/press1\\_001122.html](https://www.mofa.go.jp/mofaj/press/release/press1_001122.html)