



Mikio Yotsu, JBCE President
Managing Director of Hitachi Europe Ltd.

Dear Reader,

It is a privilege and a great challenge to succeed Mr. Hajime Tsuruko, Mr. Tsuneo Idei and Mr. Kenji Takano as Chairman of the JBCE. I am deeply honoured to be appointed to lead the JBCE in the coming 12 months.

The Japan Business Council in Europe (JBCE) is much respected and recognised by European Institutions and European business associations as the voice of leading Japanese companies operating in Europe. This status is a well deserved achievement, accomplished by both the strong leadership of the JBCE's past Chairmen and by the dedicated commitment of its member companies, which pro-actively contribute to the EU public policy debate.

The JBCE: a key Brussels stakeholder

The steadily increasing company membership base (currently totalling 52), the various issues dealt with by the seven Policy Committees (Consumer Policy,

Corporate Policy, Environment, Information Society, Standards & Conformity, Trade Policy and CSR), and the quality and debate generated by the Committees' position papers, furthermore, demonstrate that the JBCE has truly become a key Brussels stakeholder.

Mr. Tsuruko, the first chairman of the JBCE, had previously reiterated the expertise and the skills that Japanese companies possess. The JBCE provides member companies with a platform to communicate and provide significant input into the EU. Currently, CSR will be one of the topics where the JBCE will be able to bring significant contributions, adding a greater social dimension to our commitment to the EU.

In April 2003, I was appointed Managing Director of Hitachi Europe Ltd. During my 30 years with the company, I worked on global business issues in many different product areas, ranging from power generation, telecommunication and office automation, and information media solutions. During my years working in the private sector, Europe has become an increasingly important market for Japanese companies. We should, therefore, all be committed to further developing an already strong presence in Europe by introducing new technologies, services and solutions across a diverse range of areas to further contribute to sustainable development.

I am very much looking forward to being personally involved in the many activities of the JBCE. Moreover, I would like to thank, in advance, all of those who will be supporting our future efforts.

Mikio Yotsu
JBCE President

TOP EU and Japanese Business Executives Welcome The JBCE's Corporate Policy Committee Report

The EU-Japan Business Dialogue Round Table (BDRT) took place on 20-21 June in Tokyo. The BDRT, comprised of prominent representatives from the Japanese and European business communities, meets to discuss a wide range of policy issues. The outcome of these meetings is submitted to the European Commission President and to Japan's Prime Minister, who in turn provide their feedback.

The JBCE Corporate Policy Committee worked closely with the BDRT Working Party 1 throughout this past year. Moreover, the JBCE's input provided the fundamental basis for the 2004 BDRT Working Party 1 Report, "Creating an open environment for trade and investment". The report also received the support from the European Business Community in Japan (EBC).

The aims and goals of the BDRT and the JBCE have become more ambitious this year. Last year, the BDRT and the JBCE called on the EU and Japanese heads of state to conclude a 'framework agreement to enhance foreign direct investment' to help boost and enhance cross-border business activities between the EU and Japan. This year, however, the business community went further, asking their respective governments for a political commitment rather than a formal agreement, as it would suit better the needs of the rapidly changing business environment. Highlights from the report presented by the BDRT and the JBCE are listed below:

1. Avoidance of double taxation:

Concerning withholding taxes, the two business communities called on their respective governments to exempt subsidiaries from paying dividends to their parent company. They also asked that royalty and interest payments between related companies be exempted as well.

2. A reduction of compliance costs of transfer pricing:

The Japanese/EU governments should create a joint working group tasked with the following objectives:

- Harmonising and simplifying the interpretation and documentation requirements between the EU and Japan and among EU

Member States, to reduce the costs of compliance incurred with various transfer pricing taxation; and

- Providing guidelines on unilateral, bilateral and multilateral APAs (advance price agreements), between the EU and Japan, which would harmonise the rules and operation of APA regimes, inevitably reducing the costs of preparing for and obtaining APAs.

3. Mutual participation exemption:

Japan and the EU should consider, as a medium to long-term objective, the introduction of 'mutual participation exemption' in order to further promote direct investment between the two governments.

4. Smoother and swifter transfer of personnel:

Japan and the EU should simplify and accelerate their respective procedures for obtaining work and residence permits.

These procedures would include easing the process of obtaining work permits for self-employed statutory directors and intra-corporate transferees. Moreover, individuals should also be allowed to submit an application for a work-residence permit or a residence permit for self-employed individuals after entering their assigned country. Spouses should also be granted the same rights as the holder of the permit – whether it be a work or a residence permit.

5. The social security treaties between all the Member States of the EU and Japan should be concluded as soon as possible.

6. Support for business re-organisation from a legal and tax perspective:

Mutual corporate regulations should be implemented to help facilitate cross-border re-organisations between the EU and Japan that involve the exchange of company shares and the transfer of assets.

Tax laws should also be improved to expand the scope of tax deferral on 'goodwill' resulting from business reorganisations, including those transactions that involve an exchange of shares and a transfer of assets.

Alternative Business Contractual clauses: A better solution for Data Transfer

In its Autumn 2003 newsletter, the JBCE addressed the ramifications and the potential growing risks of disputes arising from the Data Protection Directive of 1995. The Directive concerns the transfer of individual data from EU Member States (currently 25) to third countries like Japan.

Currently, only third countries that satisfy an 'adequate' level of protection can be covered under each national Data Protection law based on the requirement of the Data Protection Directive

of 1995. Satisfying certain contractual clauses can also be a condition as well as a method to satisfy data transfer.

At present, the EU Commission and the coalition of the industry organisations are in the final stages of discussing alternative business contractual clauses. Since July 2001, seven leading business organisations led by the ICC (International Chamber of Commerce) have been involved in creating an alternative Business Contractual Clause to improve the Model Contractual Clauses established by the European Commission.

The JBCE has taken an active role

The JBCE has taken an active role in this debate with the European Commission to ensure that Japanese companies could have a more workable and flexible solution for data transfers between the EU and Japan. Furthermore, the JBCE has believed that drafting an alternative contractual clause would be more beneficial to Japanese businesses rather than relying on the Commission's more stringent Model Contractual Clause.

In September 2003, following two years of frequent and intense debate, the coalition submitted the final version of its alternative clauses to the European Commission.

Although these alternative clauses have not yet been "formally" approved by the European Commission, the JBCE, however, expects that the Industry coalition and the European Commission will soon agree with each other on the following three items:

1. Liability of data controllers to Data Subjects;
2. International cooperation with the Data Protection Authority (DPA) in Europe; and
3. Right of Access of Data Subjects.

To remedy these alleged inadequacies, the European Commission has suggested that elements of the Data Protection Directive of 1995 be incorporated into the alternative business clauses, especially concerning the right to access the data of subjects.

However, the coalition strongly believes that if this were included, industry would face a greater risk of potential abuse of this right and additional unnecessary access. The JBCE believes that the EU Commission will understand and accept this expected risk for Industry and will therefore accept the coalition arguments.

Currently, following intense negotiations between the coalition and the European Commission, a middle ground solution is being explored. The final decision is expected this Autumn on the final examination and advice by the Article 29 working party.

JBCE regards a Code of Conduct as another effective method for transferring data

The industry organisations' coalition efforts have also brought about another positive potential impact. Following these discussions, the European Commission subsequently has become more supportive of legislation favouring the transfer of personal data globally under a single legal standard.

In other words, it would seem that the European Commission understands the benefits and supports the concept of following a Code of Conduct—an enterprise's voluntary commitment to society to comply with self-binding corporate rules. As mentioned in its Autumn 2003 Newsletter, the JBCE regards a Code of Conduct as another effective method for transferring data from the EU to Japan or elsewhere.

The JBCE will continue its dialogue with the European Commission to ensure that the above two effective options become an accepted means of transferring personal data.

The JBCE moves ahead on Right Management Systems

The JBCE has regularly monitored and lobbied the European Commission to take collective right management systems into consideration with the existing Digital Right Management (DRM) technology.

In 2002 the JBCE published its position statement on DRM, emphasising that the exclusive position of 'collecting societies' should be re-evaluated in order to ensure that the right holders could conduct their own direct licensing using the opportunities provided by DRM systems. Moreover, double payment by consumers could be avoided as a result of the compatible relationship existing between Collective Right Management and Digital Right Management systems.

Since then, through the DRM dialogue workshop and by launching the DRM High Level Meeting, DG Information Society "will" launch a consultation on DRM later this year.

Focus was placed on the following issues:

1. How to meet the interoperability requirements of consumers, including expected standardisation developments for DRM;
2. Migration towards legitimate services, and their implications for existing rights management approaches, in particular the application of a levy system; and

3. Consumers' acceptance and trust in the market place, regarding security and privacy.

Following the conclusions of the High Level Meeting, DG Information Society "will" launch a consultation on DRM later this year.

DG Internal Market, on the other hand, is in the process of holding a consultation on the Governance of Collecting Societies. The current consultation focuses on the effectiveness and efficiency of Collective Right Management systems.

The JBCE will participate in two discussions proposed by both DGs: DRM by the Information Society DG and Collective Right Management by the Internal Market DG. In both discussions, the JBCE will support the development of a DRM technology that takes into consideration the improvement of the Collective Right Management as a levy system. Although the JBCE will focus on the social acceptance and the market development of DRM, it will also steer its discussion to address how to find legitimate solutions for the justification, visibility, and competitiveness of the levy system.

The JBCE will continue to engage in the exploration of various possibilities, such as effective and efficient co-existence of DRM and Collective Right Management as the levy system, or the phase-down (even phase-out) of the levy system in the further development of DRM in the future.

JBCE Profile



The Kanji character on the left side means Europe. The colour of the logo was chosen from the national flag of Japan.

JBCE Mission

The Japan Business Council in Europe was founded in 1999 as the representative organisation for Japanese companies operating in the European Union.

The JBCE's key objective is to contribute to EU public policy issues in a positive way, drawing upon the experience gained in Japan and other countries and utilising the expertise developed in specific fields, such as environmental protection and technological innovation.

The JBCE welcomes the support provided by EU Member States to Japanese investments, and wishes to put forward the views of its members on legislative issues currently under debate and on the public policies issues which will shape the years to come.

The JBCE wishes to become one of the business-based organisations contributing to the achievement of EU goals in areas such as competition, research and development, full employment and environmental protection.

Japan Business Council in Europe
Rue d'Arlon 69-71
B- 1040 Brussels, Belgium

Phone 32-(0)2-286-5330

Fax 32-(0)2-230-5485

Email info@jbce.org

Please visit our homepage (www.jbce.org) for more information. If you would like information on how to join us, please contact us.

JBCE Member Companies

Aisin Seiki Co., Ltd.	Mitsubishi Electric Europe B.V.
Ajinomoto Europe S.A.S.	Mitsui & Co. Europe Plc.
Alpine Electronics (Europe) GmbH	NEC Europe Ltd.
Canon Europa N.V.	NGK Spark Plug Europe GmbH
Casio Electronics Co. Ltd.	Nippon Express (Deutschland) GmbH
DAIKIN EUROPE N.V.	Nippon Steel Corporation
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Fuji Electric GmbH	Pioneer Europe N.V.
Fujitsu General Ltd.	Ricoh Europe B.V.
Fujitsu Limited	SANYO Europe Ltd.
Fuji Photo Film (Europe) GmbH	SHARP CORPORATION
Fuji Xerox Co., Ltd.	Shimadzu Deutschland GmbH
Hitachi, Ltd.	Shimano Europe Holding B.V.
Hitachi Zosen Europe Limited	Shiseido Europe S.A.
JEOL (Europe) B.V.	Sony Europe, Brussels Office
JT International S.A.	Sumitomo Chemical Deutschland GmbH
Kawasaki Heavy Industries (UK) Ltd.	Sumitomo Heavy Industries (Europe) Ltd.
Komatsu Europe International n.v.	TDK Electronics Europe GmbH
Kyowa Hakko Europe GmbH	Teijin Holdings Netherlands B.V.
Marubeni Europe PLC	The Tokyo Electric Power Company B.V.
Matsushita Electric Europe HQ Ltd.	Toshiba of Europe Ltd.
Matsushita Electric Works Ltd.	TOSOH EUROPE B.V.
Minolta Europe GmbH	Victor Company of Japan, Ltd.
Mitsubishi Corporation European Headquarters	Yakult Europe B.V.
	Yamaha Music Holding Europe GmbH

JBCE Organization

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