

Shaping the Future of EU-Japan Regulatory Cooperation

JBCE 15 th Anniversary Event "Shaping the Future of EU-Japan Regulatory Cooperation"		
Date: 16 June 2015, 17:00 – 21:00 Location: SQUARE, Couleberg 3, 1000 Brussels		
Programme		
17:00	Registration and Welcome Drink	Mr. Noriaki Hashimoto, JBCE President
18:00	Welcoming Remarks	H.E. Keiichi Katakami, Japanese Ambassador to the EU
18:05	Opening speech	Mr. Kazushige Nobukuni, Director, Europe Division, Ministry of Economy, Trade and Industry of Japan
18:10	Panel: Shaping the Future of EU-Japan Regulatory Cooperation	Mr. Khalil Rouhana, Director of Components and Systems, Directorate General for Communications Networks, Content and Technology (DG Connect), European Commission
		Mr. Chris Bourillon, Secretary General of euRobotics
		Mr. Hubert Mandery, Director General of the European Chemical Industry Council (CEPIC)
19:00	Keynote Address	Mr. Lars Brückner, JBCE Vice Chairman
		Moderated by Mr. Dave Keating, EU Journalist
		Mr. Daniel Calleja-Crispo, Director General for Internal Market, Industry, Entrepreneurship and SMEs (DG GROW), European Commission
19:15	Closing Remarks	Mr. Yusuiro Kaseguchi, JBCE Secretary General
Celebratory Reception		

Summary Report: JBCE 15th Anniversary

16 June 2015

Executive Summary

On 16 June 2015 in Brussels, some 170 participants joined Japan Business Council in Europe's (JBCE) President Noriaki Hashimoto in commemorating the association's 15 year history.

The anniversary event was an occasion to celebrate but also to hold a timely panel discussion on regulatory cooperation between the European Union (EU) and Japan, a central priority for JBCE and its Members.



It was apparent throughout the evening that JBCE is not alone in prioritising cooperation in the legislative process. Policymakers and industry players agreed that cooperation on regulations, standards and procedures is necessary and valuable as the EU-Japan relationship intensifies by enhancing trade and investment.

Japanese Ambassador to the EU H.E. Keiichi Katakami reflected on the value of regulatory cooperation and the work ahead. For instance policymakers from the Japanese Ministry of Economy, Trade and Industry (METI) and their counterparts in the European Commission's Directorate General for Internal Market, Industry, Entrepreneurship and SMEs (DG GROW) made Regulatory Cooperation central to the EU-Japan Industrial Policy Dialogue held in March 2015, and leaders at the recent 2015 EU-Japan Summit in Tokyo pledged their support for deepened cooperation.

Policymakers on the panel, Mr Kazushige Nobutani (Director of the Europe Division, METI) and Mr Khalil Rouhana (Director of Components and Systems at the European Commission's Directorate General for Communications Networks, Content and Technology (DG CONNECT), as well as keynote speaker Mr Daniel Calleja-Crespo (Director General, DG GROW), confirmed that there is substantial political will from both the EU and Japan to increase bilateral regulatory cooperation.

The issue is in scope of the ongoing negotiations for a comprehensive EU-Japan Free Trade Agreement/Economic Partnership Agreement (FTA/EPA). However policymakers and industry will look to enhance regulatory cooperation via other platforms existing in parallel to the FTA/EPA negotiations to ensure businesses, including SMEs, can operate in a seamless, enabling business environment.

At the JBCE event, panellists from industry Mr Hubert Mandery (Director General of the European Chemical Industry Council (CEFIC)), Mr Chris Bourillon (Secretary General of euRobotics) and Mr Lars Brückner (JBCE Vice Chairman) echoed participants at the last EU-Japan Business Roundtable in April, calling for authorities to promote mutual trust and cooperation in existing and upcoming regulations to avoid inadvertent barriers to trade and investment.

Panellists agreed that regulatory cooperation should happen early in the policy process and that industries need to communicate with each other as well as with policymakers. They hoped bilateral efforts would be extended logically to the multilateral level, linking into cooperation efforts happening in other major trade agreements, such as the Transatlantic Trade and Investment Partnership (TTIP) or the Transpacific Partnership (TPP). The more frameworks resemble one another, the easier it is for business to operate internationally.

This report recounts in detail speakers' interventions and summarises the panel discussions and conclusions.

JBCE President, Noriaki Hashimoto

JBCE President Noriaki Hashimoto used his Welcoming Remarks to share JBCE's history and the origins of the association in the electronics industry. Today JBCE has 75 members across sectors such as digital technology, chemicals and automotive and has become a trusted partner of European and Japanese authorities and businesses.

"Globalisation has made the world more rapid and complex," he said. "The EU and Japan are getting closer [...] and there remain two big streams to take the relationship one step further: the EU-Japan FTA/EPA and the work on regulatory cooperation."

He pledged JBCE's commitment in support of both streams, and promised that the association will continue to walk together not only with members and their parent companies in Japan, but also with stakeholders and policymakers.



Noriaki Hashimoto of JBCE

Ambassador of Japan to the European Union, Keiichi Katakami

The Ambassador asserted that JBCE is a trusted partner of the Japanese government. He shared figures on investment and production to demonstrate the changing economic relationship between the EU and Japan, two of the world's largest and most sophisticated economies.



H.E. Keiichi Katakami

He praised METI and DG GROW for the Joint Statement on Regulatory Cooperation produced at the Industrial Policy Dialogue (March 2015), and recommended cooperation at the earliest possible stage to avoid potentially damaging discrepancies. Likewise, he thanked leaders at the 2015 Japan-EU Summit in Tokyo for recognising the importance of regulatory cooperation at the highest level.

He said that achieving the partners' political target of concluding, in principle, an ambitious and high level EU-Japan FTA by the end of 2015—a goal that was affirmed during May's 2015 Japan-EU Summit—will not be an easy process. "But I believe it's achievable—if both sides continue to make energetic and creative efforts," he said.

He reminded policymakers present of the direct lines of communication business associations such as JBCE benefit from, and believes these can be used to further intensify regulatory cooperation. **"JBCE has the potential to be more actively engaged in building EU and Japanese public policy,"** he concluded.

Panel Discussion “Shaping the Future of EU-Japan Regulatory Cooperation”



From left : Noriaki Hashimoto, Kazushige Nobutani, Khalil Rouhana, Dave Keating, Chris Bourillon, Hubert Mandery, Lars Brückner

Panellists

Mr Kazushige Nobutani - Director, Europe Division, Japanese Ministry of Economy and Trade (METI)

Mr Khalil Rouhana - Director of Components and Systems, Directorate General for Communications Networks, Content and Technology (DG CONNECT), European Commission

Mr Dave Keating, EU Journalist (Moderator)

Mr Chris Bourillon - Secretary General euRobotics

Mr Hubert Mandery - Director General European Chemical Industry Council (CEFIC)

Mr Lars Brückner - JBCE Vice Chairman

Panellists were pleased about the increased focus on regulatory cooperation and motivated to extend it, while understanding that the processes are in early stages and that the execution phase will present new challenges. Throughout the discussion, Moderator Dave Keating sought answers to three principal questions:

- (1) **Why:** what rationale supports regulatory cooperation?
- (2) **Who:** which sectors or industries would benefit?
- (3) **How:** what potential mechanisms/platforms can be used for a more systematic regulatory cooperation?

Why: what rationale supports regulatory cooperation?

METI representative Mr Nobutani and Mr Rouhana of DG Connect summarised the benefits of regulatory cooperation emerging from March's EU-Japan Industrial Policy Dialogue, namely economic growth, enhanced competitiveness, reduced compliance costs, improved market readiness for new technologies, and new momentum for international regulations and standards.

Mr Rouhana added that policymakers must remember the essence of their job. **"Why do we regulate? For our stakeholders. Our stakeholders are industry but above all citizens. There is need to share information upstream. These are preconditions for any a partnership in trade."**



Khalil Rouhana of DG CONNECT



Hubert Mandery of CEFIC

Mr Mandery of CEFIC concurred that diverging regulations are costly market access barriers for global value chains. **"We depend on open markets. Chemicals are highly regulated—how can SMEs cope?"** Mr Mandery cautioned that industry operates around the globe but regulators do not: they are focused on their respective territories. **"It's time for regulators to look across the fence, but business will have to push."**

Mr Brückner of JBCE emphasized that future complexities are best handled early. The common viewpoint is to perceive regulations as hurdles, challenges to be met before business can happen. **"But regulation can also enable,"** he said. **"But if we want regulations to enable, cooperation needs to be tackled at a very early stage."** Mr Bourillon of euRobotics echoed this sentiment. **"Especially with new technologies, political time is not the same as industry time. Industry tends to want to go faster. The regulatory framework is not developed in parallel, resulting in different systems."** He pointed out that for emerging markets there is great incentive to cooperate rather than harmonise later.

As far as the recent acceleration in cooperative efforts, the METI representative Mr Nobutani said this is linked to the start of the FTA/EPA negotiations. **"These created trust between governments and industries and a strong basis for cooperation,"** he said.

Who: which sectors or industries would benefit?

Panellists called the list of sectors METI and DG GROW agreed to prioritise in the Joint Document on Regulatory Cooperation¹ a good start. **"It's an indicative list,"** said Mr Brückner. **"There are other sectors and we need to understand horizontally as well as vertically which ones. Policymakers need to communicate with industries**

¹ The Joint Document prioritises robotics, chemicals, automobile, conflict minerals, eco-design, construction, resource efficiency, medical devices, IT and manufacturing FLMs in ICT and personal data protection.

and industries have to communicate with each other to identify areas for regulatory cooperation.” He called the process of defining priority sectors a long-term exercise for all stakeholders and homework for JBCE.

Mr Mandery agreed that it is important sectors talk to each other on both sides to find promising projects and areas. **“It’s I 2 I, not just G 2 G,”** he said². Mr Brückner concurred: **“Wherever a company is based, we need a way to talk to regulators and each other. We all face this challenge as most industries are by definition or aspiration global.”**

Mr. Bourillon mentioned civilian drones as an example of where the EU and Japan could cooperate. **“It is a great product, with a great market. However regulatory framework was not developed in parallel and we have different system. The European Commission is preparing something. Japan as well. What applies in the Japanese airspace can apply here too.”**



Chris Bourillon of euRobotics



Kazushige Nobutani of METI

Mr Rouhana underlined just how challenging regulatory cooperation is, noting difficulties within the EU’s own internal market. Finding the optimal solution will take work and require upstream dialogue as early as possible. He gave the example of the Digital Single Market issues of liability, safety, data gathering and ownership. **“Even if we share the same societal goals we have differences on how to regulate to get there,”** he said. He assured participants that DG Connect is looking carefully at what needs to be addressed at international (bilateral or multilateral) level. For instance, he believes the EU and Japan can find a common approach to confront the challenges of digitising manufacturing processes.

Using the example of the robotics sector, Mr Nobutani said materialising cooperation takes time: **“We’ve agreed to explore this sector and have started an information exchange.”**

How: what potential mechanisms/platforms can be used for regulatory cooperation?

Panellists agreed that this could take many forms and nothing would be solved before the panel’s close, but that interactions between business and policymakers should begin early in the policy process. **“It’s never too early,” said Mr Bourillon. “Keep channels open, especially in emerging sectors.”** He mentioned Private Public Partnerships (PPPs) as a possible channel to pass messages from industry to decision makers without diluting messages.

“The sooner the better”, echoed Mr Mandery. “Society and innovation are putting new issues on the table. We need to eliminate redundancies and bureaucracy for the benefit of government, industry and citizens.”

Mr Rouhana insisted on maintaining the same approach for multilateral and bilateral efforts when areas for cooperation are identified. He provided the example of the World Manufacturing Forum that was a positive experience but was too research-oriented. **“We need to go wider,”** he said.

² ‘I 2 I’ refers to Industry-to-industry interaction and ‘G 2 G’ to Government-to-government interaction.

Mr Nobutani mentioned the expert study group on automobiles held last year, stating that Japanese and EU authorities appreciated the expertise of industry. **“Our regulators were impressed by the knowledge of EU industries and vice versa. This provision of expertise makes regulatory cooperation easier and builds trust quicker.”**

Mr Mandery shared lessons learned via sectorial working groups that exist in the EU-Korea FTA. **“Regulators need to design a pragmatic system for exchange and it needs to be open for input.”**

“There is no need to reinvent the wheel,” said Mr Brückner, referring to these and other examples. **“We must do two things in parallel: first, reassess sector-specific cooperation to see what works; second, help develop FTAs, understanding what can be achieved now and what to add later. Finally, more discussions like tonight’s in the future. We won’t finish here today, we need to put one foot in front of the other.”**



Lars Brückner of JBCE

Director General of DG GROW, Daniel Calleja-Crespo

Director General Calleja-Crespo of the European Commission's Directorate General for Internal Market, Industry, Entrepreneurship and SMEs (DG GROW) delivered the keynote address. He congratulated the JBCE on 15 years and for their topical relevance in addressing regulatory cooperation. He thanked JBCE members for their contribution to the European economy. He greeted Mr Nobutani and recalled that DG GROW and METI made a step forward with the first Joint Document on Regulatory Cooperation. **"It is an example that shows it is possible for EU and Japanese regulators to strengthen cooperation and go further in seeking mutual understanding and looking at the way forward and challenges ahead."** He expressed his hopes for a successful conclusion of the FTA, which will focus on three objectives:



Daniel Calleja-Crespo of DG GROW

- 1) **Market access issues;**
- 2) **Solid base for greater compatibility between the EU and Japanese regulatory systems;**
- 3) **Contribution of EU and Japan to global trade rules.**

The remainder of his intervention focused on the second objective. **"How can we introduce enough ambition to the FTA to bring down regulatory barriers and costs?"** he asked. Regulatory barriers put businesses operating in both regions in a difficult position. **"You cannot do business properly if you are subject to contradictory requirements"**, he reasoned. Reducing barriers, costs, bureaucracy and duplication would usher in a more business friendly environment and result in real savings for business.

He provided guests with Commission data that the additional costs linked to regulatory differences in the automotive sector is equivalent to 12.5 percent, illustrating the necessity of reducing and preventing unnecessary barriers.

"When you look at it, our respective systems are not that far apart. [The EU and Japan] are like-minded partners with similar challenges. We can find ways to enhance compatibility in an intelligent way, while protecting public interests and respecting each other's objectives in a compatible way."

He shared the three main goals of the Commission with regard to regulatory cooperation.

- 1) **Make future regulations compatible:** *Future regulations have the highest prospects for achieving results, as it is easier to align on regulation that does not exist yet.*
- 2) **Enhance cooperation to avoid technical barriers to trade:** *Exploit international standard setting organisations such as the ISO to allow for administrative simplification, as did CEN-CENELEC and JISC recently³. Streamline rules, strengthen reciprocity internationally.*
- 3) **Limit the impact of existing differences:** *Listen to industry to discover where there is scope for greater compatibility, equivalent recognition and mutual recognition where there is sufficient convergence.*

³ ISO (International Organisation for Standardisation), JISC (Joint Information Systems Committee), CEN-CENELEC (European Committee for Electrotechnical Standardisation)

To illustrate the value of EU-Japan regulatory cooperation, he mentioned the examples of risk assessment and emerging issues of endocrine disruptors and nanomaterials in the chemical sector, as well as the existing cooperation in automobile sector under the UNECE framework. He highlighted the opportunity in robotics for the EU and Japan to develop regulation together, joking **“We do not have a robot law. Should we? We should at least see how we can work together with Japanese colleagues”**.

He shared his belief that SMEs are the great winners of this sort of cooperation, even if small steps are taken to align enforcement, testing and classification. SMEs drive the EU economy, creating 85 percent of new jobs in the past 5 years—for growth and jobs, their needs must be met.

He acknowledged that increasing regulatory cooperation is not easy and that we have **“a lot on our plates”** to align different systems and culture. He called political support at the highest level on both sides, and asked industry for input. **“If we do not see what you need it will be difficult to move forward,”** he reasoned.

In conclusion, Mr Calleja-Crespo highlighted **five keys to success**:

- 1) Understand that regulatory cooperation is not the same as traditional trade negotiations on tariffs but an industrial policy to **work together**;
- 2) Take a **bottom-up approach** to respond to stakeholders needs and be pragmatic—not perfectionist—in addressing issues facing industry for real results and decreased costs;
- 3) Allow competent **regulatory authorities to take the lead**, creating necessary ownership of tasks and trusts from the outset;
- 4) Accept that regulatory cooperation is a **permanent process** of information exchange, dialogue and confidence building, and there is a need to distinguish between fast track and long-term actions;
- 5) Know each side retains **regulatory independence** and there is no surrender of sovereignty.

His final words were optimistic. **“I am confident,”** he said. **“We have political will on both sides. We have enormous support from industry. With these conditions I believe we can reach our goal even if there is a long way to go. This is in our common interest and is a win-win exercise for the EU and Japan—let’s do it!”**



Daniel Calleja-Crespo of DG GROW addresses the panel and guests

ABOUT JBCE

The Japan Business Council in Europe was established in 1999 and is a leading European organisation representing the interests of almost 70 multinational companies of Japanese parentage operating in the European Union.

Our members operate across a wide range of sectors, including electronics, wholesale trade, precision instruments, pharmaceutical, railway, textiles, glass, automotive, and chemical manufacturing. In 2014, our member companies had global sales of 1.4 trillion euros.

Building a new era of cooperation between the EU and Japan is the core of our activities. The key goal of JBCE is to contribute to EU public policy in a positive and constructive way by drawing on the expertise and experience of our member companies.

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