

Japan
Business
Council in
Europe

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ANNUAL

REPORT

18



INTRODUCTION

WHO WE ARE

Founded in 1999, the Japan Business Council in Europe (JBCE) is a leading European organisation representing the interests of more than 80 multinational companies of Japanese parentage active in Europe. Our members operate across a wide range of sectors, including electronics, information and communication technology, chemicals, automotive, machinery, precision instruments, wholesale trade, pharmaceutical, transportation, and finance. Building a new era of cooperation between the European Union (EU) and Japan is the core of our activities, which we pursue in the framework of several committees focused on: Trade Policy, Environment, Corporate Social Responsibility (CSR), Standards and Conformity, Corporate Policy, and Digital Innovation.

OUR MISSION

We seek to:

- › Build a bridge between the EU and Japan, and enhance Europe's understanding of Japanese companies and their contribution to the European economy;
- › Contribute to EU public policy by sharing our members' expertise with decision-makers across sectors;
- › Promote a favourable and predictable environment in which European and Japanese companies of all sectors can compete for sustainable growth in Europe.

OUR PRIORITIES

- We promote open trade and investment
- We encourage a common regulatory framework
- We foster responsible business conduct



JBCE STRUCTURE

JBCE ORGANISATION

PRESIDENT	Jiro Takashima	Shimadzu Europa GmbH
VICE-CHAIRMAN	Lars Brückner	NEC
SECRETARY GENERAL	Kitayoshi Tsumita	
BOARD OF DIRECTORS	Hiroshi Kojima Tomohiro Inoue Tetsuro Uruno Norihiro Suzuki Marcus Rieker Yuji Kawase Akihiro Ichimura Satoru Shimizu Koshi Noguchi	Canon Bridgestone Fujitsu Hitachi HORIBA Mitsui & Co Mitsui Chemicals Panasonic Toshiba

COMMITTEES

PLANNING	Kinko Tsuji	Shimadzu
CORPORATE POLICY	Koshi Noguchi Shigeto Minami	Toshiba Sumitomo Chemical
CSR	Yukako Kinoshita	Hitachi
DIGITAL INNOVATION	Marco Canton Lars Brückner Antoine Larpin	Fujitsu NEC Panasonic
ENVIRONNEMENT	Mihai Scumpieru Regina Döller	Mitsubishi Electric Mitsui Chemicals
STANDARDS & CONFORMITY	Kayo Shibata Kinko Tsuji	Canon Shimadzu
TRADE POLICY	Sandra Alverà	Panasonic



JBCE STRUCTURE

WORKING GROUPS (WG), ISSUE GROUPS (IG), TASK FORCE

PLANNING

BREXIT TASK FORCE	Graham Holman Lars Brückner	Sumitomo Corporation NEC
ROHS RECAST IG	Hirokazu Kakinuma	Canon
CATEGORY 8 & 9 IG	Kinko Tsuji	Shimadzu
WEEE RECAST IG	Mihai Scumpieru	Mitsubishi Electric
REACH WG › NANOMATERIAL IG	Lars Brückner	NEC
AIR-CONDITIONER WG	Rodney Ayre Tetsuji Fujino	Mitsubishi Electric Mitsubishi Heavy Industries
RESOURCE EFFICIENCY IG	Regina Döller João T. Marinho	Mitsui Chemicals Hitachi
BPR IG		
ECO-DESIGN AND ENERGY-LABEL IG		

ENVIRONNEMENT



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FOREWORD

The Japan Business Council in Europe (JBCE) is a dynamic European organisation whose members are companies of Japanese parentage operating in Europe. Since its establishment in 1999, JBCE has contributed the valuable perspective and substantial expertise to the European policymaking process in support of the prosperity and further growth of the EU. JBCE is perfectly positioned to act as a bridge between the EU and Japan, and endeavours to use its unique standpoint to further deepen cooperation between the EU and Japan and ultimately complement the commitment of both to lead together on the global stage.

Now, more than ever, the EU and Japan are natural partners, standing together in defence of common values. In the face of an increasingly unpredictable global situation, the historic partners emanate stability and continue in determined pursuit of a multilateral, open system against the forces that would endeavour to stop it. JBCE believes it is the responsibility of major players like the EU and Japan to champion free trade, and to play a leading role in setting the rules and standards which create a trade system that benefits all, through enhanced and sustainable cooperation. The EU and Japan are unwavering in their rejection of anti-globalism and protectionism, their own relationship a testimony that joint action is key to building stronger economies and societies.

The years of work that led to the 2017 finalisation of the EU-Japan Economic Partnership Agreement (EPA) are proof of this conviction. JBCE welcomes this milestone agreement, which will further strengthen EU-Japan cooperation as a guiding force for the global trade agenda and showcase the mutual benefits to be won from free and fair trade. In removing remaining barriers to trade, the EPA will allow both partners to deepen their economic ties, benefitting millions of EU and Japanese citizens through increased innovation, cooperation and jobs. Yet work remains to be done. As the ratification process begins, JBCE would like to offer its support for a smooth and efficient ratification of the EU-Japan EPA, with a view to bringing its benefits to citizens and businesses as soon as possible.

Cooperation does not end with the signing and implementation of the EU-Japan EPA. In fact, the EPA foresees further collaboration, including cooperation on regulations, digital, investment and sustainability topics. It bears mentioning that open communication is a prerequisite to any further collaboration. In this regard, JBCE welcomes the ambition of the EU and Japan to promote digital trade, the digital economy and the free flow of data. One important part in this is an “adequacy decision” to facilitate personal data flows without sacrificing privacy protection. We urge both partners to work towards a quick conclusion of this arrangement, as well as the development of a broader data transfer framework with a focus on non-personal data.

The cooperation is not unique to the digital sphere. The EU-Japan EPA also further solidifies the links between the EU and Japan on sustainable development. In addition to a dedicated chapter on trade and sustainable development, provisions in other chapters reaffirm the commitment of the partners to the Sustainable Development Goals. This includes the promotion of Corporate Social Responsibility for sustainable development. The EU and Japan also commit to the UN Framework Convention on Climate Change and the Paris Agreement, as well as conservation and sustainable management of natural resources. Cooperation will allow best practices to be shared, promoting technological development, innovation and better policies.

All of these examples illustrate the great opportunities ahead for the EU and Japan. However, these next years are not without their challenges. The decision of the UK to leave the EU presents a host of difficult and unprecedented situations to navigate and is of great geopolitical importance. JBCE strongly advises both parties to conduct all phases of Brexit negotiations in utmost transparency to allay unpredictability and uncertainty for the UK, the EU and their trading partners. JBCE supports a clear agreement on the duration and terms of a transition period. The entire EU acquis, and indeed the EU-Japan EPA, should be respected during this time. We will support the EU and the UK to build these strong future ties for enduring prosperity.

JBCE is confident that if the EU and Japan continue along the collaborative and communicative path they have established together, the partnership will surmount these hurdles and capture the opportunities ahead. The 2018 JBCE Annual Report introduces our priority policy areas including trade, CSR, environment and digital policy. The pages that follow give an insight into our positions, objectives and activities, and relay recommendations to policy-makers, based on the unique position JBCE occupies between Brussels and Tokyo. JBCE hopes this report will help its stakeholder community to better understand the association’s contribution to the policy debate, and looks forward to a personal interaction on these topics in the future.



OVERARCHING TOPICS

BREXIT



Key Messages

JBCE has a strong stake in the future of Europe and is committed to continued prosperity and stability across the continent. Japanese companies have invested €250 billion and created 440 000 jobs in Europe. Since its establishment in 1999, JBCE has been a consistent and constructive contributor to EU public policy.

Going forward, JBCE encourages the UK and the EU to engage in practical and constructive negotiations to work towards a mutually beneficial relationship in which the strong links between the UK and the EU are preserved.

JBCE is committed to playing a part in securing a stable business environment conducive to further development and future growth. As part of this commitment, JBCE has established a Brexit Task Force. Through this Task Force, JBCE has been working to fully engage with negotiators on both sides and contribute the combined expertise and experience of its member companies in helping to clarify and find solutions to regulatory and trade related challenges.



Recommendations for Policy-makers:

- Preserve an open market between the EU and the UK and avoid the reintroduction of trade barriers, maintaining in particular the freedom of provision of services, an unfettered and stable climate for investment and access to the labour market;
- Pursue an appropriate degree of harmonisation on regulations and standards between the UK and the EU, vital to avoid unnecessary disruption to the business environment;
- Conduct negotiations for the new EU-UK relationship in full transparency and in active dialogue with all stakeholders, so to favour predictability and minimise abrupt or destabilising impacts on the economy, including for Japanese businesses in Europe.

Additional Sources

- JBCE and Keidanren: Opinion on the second phase of the Brexit negotiations



OVERARCHING TOPICS

REGULATORY COOPERATION



Key Messages

In an increasingly complex global supply chain, it is important to reduce barriers with regard to existing regulations wherever possible and prevent the creation of barriers in respect to forthcoming regulations. Avoiding a fragmented global marketplace and enabling a level playing field help contributing to economic growth, innovation and a flourishing investment climate.

To achieve this, the EU and Japan have pursued policy dialogue and cooperation in numerous areas, including environmental policy, international standardisation, cross-border data flows and the digital agenda.

JBCE welcomes increased bilateral and multilateral cooperation and therefore supports a future-oriented regulatory cooperation for further growth, confidence and stability.



Recommendations for Policy-makers:

- Use the EU-Japan Economic Partnership Agreement (EPA) as a solid and comprehensive framework for progressive regulatory cooperation, bilaterally and globally;
- Promote where possible common principles, guidelines and reciprocal recognition for qualifications, standards and inspections, including through joint proposals by the EU-Japan EPA chapter on Good Regulatory Practices and Regulatory Cooperation;
- Continue work to increase mutual understanding and dialogue between Japanese and European policy-makers on existing and upcoming regulations and processes on each side and their impact on domestic and foreign business to avoid creating trade and investment barriers;
- Strengthen cooperation in developing high-level international standards and rules to dissuade the emergence of protectionist measures;
- Involve industry in efforts toward regulatory cooperation and remain transparent with regard to the process.



CSR

EU POLICY ON CSR AND SDGS



Key Messages

The Commission is intensifying the work on CSR/RBC under the framework of its work towards the UN Sustainable Development Goals (SDGs) to ensure these principles are reflected across all policy areas.

JBCE supports this approach, as it will create policy coherence across different sustainability initiatives in the EU as well as in international agendas. JBCE believes that multi-stakeholder dialogues and the right incentives drive smart, sustainable, inclusive growth and European industrial competitiveness. Placing corporations in the driving seat along with stakeholders is a necessary condition in transitioning to the sustained growth path envisaged by the Juncker Commission. **European policy instruments related to CSR and SDGs must enable a flexible approach for companies to reach their sustainable development goals, instead of forced compliance and the loss of opportunities to think and learn in terms of longer term challenges.**



Recommendations for Policy-makers:

- Integrate SDGs/CSR in the EU policy-making and take lead in policy discussions on how to encourage the uptake of SDGs/CSR and promote actions to maximise positive impacts while mitigating negative ones;
- Build an open platform beyond EU Multistakeholder Platform on SDGs: The European Commission should open up dialogues and consultations beyond the EU Multistakeholder Platform on SDGs. The EU's global partners such as Japan would be particularly beneficial not only to exchange best practices with, but also gathers views on the future discussion. The EU-Japan CSR Working Group, one of the technical working groups set up by DG GROW and METI within the EU-Japan Industrial Policy Dialogue is one of the existing platforms for a vital bilateral dialogue to supplement other multi-stakeholder mechanisms;
- Do not reinvent the wheel and build on the past experience: There exist many frameworks and collaboration platforms on sustainability involving companies and stakeholders following the EU CSR policy. We should focus on these collective achievements to identify best practices, knowledge for further innovation and collaboration to achieve SDGs.

Additional Sources

- 2nd EU-Japan CSR Business Dialogue in Tokyo



CSR

NON-FINANCIAL INFORMATION DISCLOSURE



Key Messages

Non-financial reports are a vital communication tool, provided that the reporting company retains discretion in determining to whom it intends to disclose and what is material. Materiality differs for each company, depending on the nature of business, the perspective of top management and corporate culture. Due to this varied character of materiality, the imposition of specific and harmonised Key Performance Indicators (KPIs) does not accurately reflect the ongoing efforts of companies faced with complex challenges at a local level.

Therefore, a principle-based approach is the only viable way for companies to meaningfully explain their business in a dynamic and changing environment.



Recommendations for Policy-makers:

- Emphasise dialogue in policies as an equally valuable means for companies to strengthen the trust of their investors and stakeholders, and leverage the improvements of companies' internal practices by incorporating dialogue into the PDCA (Plan-do-check-act) management cycle. Dialogue is a powerful tool in fostering a culture of risk management and innovation, whereby companies across different cultures can exchange views on potential future risks as well as explore collaborative opportunities;
- Foster innovation and growth by motivating companies to integrate CSR/SDGs into daily business to become more innovative and competitive in the global context, including through open exchanges among stakeholders, partner countries or regions, governments and suppliers;
- Approach non-financial reporting not from a compliance mindset, but by building meaningful channels for companies and investors to discuss value creating processes.

Additional Sources

- JBCE Contribution on Non-Binding Guidelines on Disclosure of Non-financial information



CSR

CONFLICT MINERALS



Key Messages

In May 2017, the new EU regulation to stem the trade in “conflict minerals” was approved. The Regulation, which enters into force in 2021, aims to help EU companies ensure they import minerals and metals from responsible sources only.

JBCE considers that responsible sourcing from conflict-affected and high-risk areas enables better living standards and economic progress in developing countries. Yet the efforts of industry alone cannot ensure responsible sourcing from such regions. It is crucial that national governments get involved and collaborate. Here, EU diplomacy has an important role to play. JBCE supports dialogue and engagement with stakeholders as the best solution for driving collaboration across different cultures and systems to create value for business and society.



Recommendations for Policy-makers:

- Ensure timely disclosure and content coherence among the planned Handbook by the European Commission on “conflict-affected and high-risk” (CAHR) areas, ‘indicative and non-exhaustive list of CAHR and OECD’s “Online supply chain minerals resource centre” to facilitate implementation of the regulation;
- Provide clarity regarding how the Commission’s non-exhaustive list of CAHR areas aligns with outsourced projects and other initiatives that would define CAHR areas;
- Synchronise the listing and delisting of responsible smelters/refiners with EU-recognized supply chain due diligence industry schemes. Difference in timing of listing and delisting could be a source of confusion for companies;
- Focus on importers and set clear criteria for the certification of responsible importers, smelters and refiners. The Commission’s intent to publish a list of ‘responsible’ importers who publicly declare their due diligence obligations as set up in the Regulation is positive in this regard. Such criteria should make use of existing schemes such as RMI (Responsible Minerals Initiative);
- Ensure timely consultation with stakeholders in creation of the ‘transparency database’ to identify the best way to encourage companies to demonstrate their management on their due diligence.

Additional Sources

- JBCE and JEITA joint statement on agreed text on the EU’s Conflict Minerals regulation



CSR

RESPONSIBLE SUPPLY CHAIN MANAGEMENT



Key Messages

Navigating complex worldwide supply chains requires concerted and collective action by the global community.

JBCE companies design, produce, procure and trade throughout the world, and need to behave coherently in order to protect corporate value. JBCE is committed to continue to work to derive our standards of responsible conduct from recognised international frameworks to facilitate the internal consistency of interacting and dealing with suppliers.



Recommendations for Policy-makers:

- Promote internationally recognized frameworks in the EU that take a risk-based approach instead of adopting EU-specific conditions. This allows companies to maintain flexibility in taking meaningful actions without reducing their efforts to outcome-based box-ticking exercises. Such frameworks include the UN Guiding Principles on Business and Human Rights and the OECD Due Diligence Guidance;
- Create an environment where companies are encouraged to establish responsible supply chains. Companies which diligently tackle the issue should be recognised for their efforts and progress and the quality of their management processes;
- Take leadership in closing the governance gap between countries and regions in order to effectively address the fundamental problems on the ground. The efforts of industry alone cannot ensure responsible sourcing from such regions. It is crucial that national governments get involved and collaborate. Here, the EU diplomacy has an important role to play. JBCE supports dialogue and engagement with stakeholders. It is the best method for driving collaboration across different cultures and systems and for creating value for business and society.



DIGITAL INNOVATION

DIGITISING EUROPEAN INDUSTRY (DEI)



Key Messages

In 2015 the European Commission launched its flagship digital programme, the Digital Single Market (DSM). The Digitising European Industry (DEI) initiative, launched in April 2016, aims to make the EU's single market fit for the digital age.

At the Digital Summit in Tallinn in September 2017, European leaders declared their ambition to make the EU a natural home for enterprises and innovators in the digital age, while accelerating the digital transformation of its industry.

JBCE wants to ensure that the right knowledge is transferred to the right places to achieve the ambitious goals of the DEI. To this end, JBCE stresses that regular communication between government, industry, and citizens is essential.



Recommendations for Policy-makers:

- Support initiatives such as the European Commission's Grand Coalition for Digital Jobs to address the problem of lacking digital skills in Europe;
- Focus on Public Private Partnerships (PPPs) and Joint Undertakings (JUs) such as EuroHPC as drivers for new investment in innovation and digital solutions. Newer JUs in key areas as Cybersecurity and Artificial Intelligence will also be highly important;
- Maintain strong EU R&D programmes such as Horizon 2020 and its successor, Framework Programme 9 (FP9), that are open to the international community. Ensure these programmes support international standardisation, notably standardisation in advanced manufacturing, the Internet of Things and cybersecurity.



DIGITAL INNOVATION

PRIVACY, INTERNATIONAL DATA TRANSFERS, AND CYBERSECURITY



Key Messages

Currently, several legislative measures are making their way through the EU legislative process on the digital theme. These include;

- the proposal for a Regulation on Privacy and Electronic Communications (ePR), of last January 2017, intended to replace the existing ePrivacy Directive (Directive 2002/58/EC).
- the September 2017 Cybersecurity Package, which includes a proposal for EU Cybersecurity Agency (ENISA) and a new European certification scheme.

The General Data Protection Regulation (GDPR) which will apply in all EU Member States from May 2018, stands in the background and represents an important game changer for the digital economy. Each of the above proposals presents its own challenges and, if not carefully designed, could fragment the roll out if a true digital economy.

The EU and Japan are also cooperating in this domain. In July 2017, Jean-Claude Juncker, President of the European Commission and Shinzo Abe, Prime Minister of Japan issued a Joint Declaration that set the objective for the EU and Japan to reach an adequate level of data protection by both sides by early 2018. Such mutual Adequacy Decisions will promote digital trade and innovation between the EU and Japan.

JBCE calls on legislators to build a coherent legislative and regulatory environment that is conducive to innovation and to a high level of trust in digital services and solutions. Protection and innovation should be mutually-reinforcing goals.



Recommendations for Policy-makers:

- Provide channels for all stakeholders to contribute to the ePrivacy Regulation approval process in areas such as coherence with the GDPR, definitions and possible impact on M2M data transfers that could significantly impact digital solutions and innovation in the EU;
- Ensure close cooperation between EU decisionmakers, the Article 29 Working Party and National Data Protection Authorities (DPAs) to avoid different interpretations of some articles of the GDPR;
- Support the conclusion of an Adequacy Decision for the free transfer of data between the EU and Japan in early 2018 to ensure an equivalent level of protection of personal data transferred between the EU and Japan, following the favourable opinion of the EDPS and EU data protection authorities as well as the approval of EU Member States;
- Clarify what kind of ICT products and services we will actually fall under the voluntary cybersecurity certification framework to enable a participated and shared development of tailored EU cybersecurity certification schemes;
- Support the conclusion of international data transfer agreements by spring 2018 as an important step in data protection.



DIGITAL INNOVATION

ARTIFICIAL INTELLIGENCE (AI)



Key Messages

While many EU Member States have begun developing national AI strategies, the EU has fallen behind some of its counterparts in Asia and the US in terms of investments and adoption of new AI-based technology solutions by companies. Cooperation with these regions leading ahead will help to develop an effective framework for AI, stimulate expertise in AI and other growing industries such as robotics and cognitive industries, and allow for Research & Innovation in the field to thrive, bringing new technologies and solutions to market more quickly.

JBCE invites further EU-Japan cooperation in bringing about a digital transformation that is positive, sustainable and beneficial for all. JBCE supports the inclusion of all stakeholders and civil society in an open debate to reap the promise of new technologies such as Artificial Intelligence.



Recommendations for Policy-makers:

- Support initiatives aimed to create a better understanding of the potential of AI-based solutions such as EU led discussion Fora with stakeholders, public debates with experts and researchers open to civil society, public consultations with strong use of online platforms and social media to reach and involve citizens, open strategies for AI where organisations can bring expertise and comments;
- Invite stakeholders to engage in an open, evidence-based discussion about the opportunities and challenges of our shared, AI-powered future. Use global fora to agree on shared principles to be taken forward in by bilateral initiatives;
- Oppose policies that preemptively limit or ban AI technologies through unsubstantiated prejudices and harmful speculation;
- Argue in favour of a public-private collaboration at EU level based on strong international cooperation with key countries such as Japan to establish a fruitful dialogue and align on strategic values, political and financial priorities on investment, as well as standards.



ENVIRONMENT

REACH



Key Messages

EU policies on the control of chemicals such as REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) have a significant impact on global supply chains. It is an inherent goal of the legislation that the EU strengthen regulatory harmonisation and support supply chain management with non-EU countries in cooperation with businesses.

JBCE believes that there should be more opportunities to take account of the views of EU and non-EU companies in updating guidance considering that a substantial portion of the articles on the EU market are from both EU and non-EU countries.



Recommendations for Policy-makers:

- Refrain from revising the legal text of the REACH regulation, instead focusing on potential improvements to be taken at the levels of implementation and enforcement/market surveillance. For example, more efforts are needed to avoid double regulation and ensure a level playing field for industry to compete fairly on the EU market;
- Improve and monitor the enforcement of the thresholds applicable to substances of very high concern (SVHCs) once they are adopted. Particular attention should be given to thresholds that are too low or too difficult to measure correctly, and the inclusion of SVHCs in complex articles. This is necessary to avoid distortion of competition between manufacturers/importers who exercise strict compliance and those who do not;
- Improve PACT (The Public Activities Coordination Tool)-RMOA (Risk Management Option Analysis) by publishing best practices for the Member States so that private businesses can aid them more efficiently and effectively. At the very least, public consultations should be conducted in all Member States in order to provide fairer and more accurate risk assessment.



ENVIRONMENT

CIRCULAR ECONOMY



Key Messages

A truly circular economy requires the involvement of multiple actors in all stages of a product's economic cycle and should be based on life-cycle thinking. Although framework conditions and enabling legislation at EU level exist, better implementation, harmonisation and enforcement would facilitate the EU's transition to a circular economy.

JBCE supports the EU's ambition to assess environmental benefits at the design stage from the perspective of scientific evidence, noting the need to balance the requirements of energy efficiency, resource efficiency, and safety and performance of products. JBCE calls on EU authorities to ensure coherence in the development of the Circular Economy Action Plan and avoid overlaps or contradictions between several pieces of legislation which limit circular business models.



Recommendations for Policy-makers:

- Give parallel consideration to the implementation of effective enforcement schemes when new or revised legislative and policy proposals are put forward, to avoid unfair competition which would undermine the credibility of new business models;
- Assess at regular intervals – e.g., through REFIT (the Commission's Regulatory Fitness and Performance Programme) - whether existing framework or environmental legislation presents obstacles to the Circular Economy, and whether these obstacles should be removed or mitigated;
- Work towards greater harmonisation and simplification of existing legislation and policies at EU level to overcome barriers posed by diverging interpretation and implementation at Member State level. In this context, consistent definitions of waste and end-of-waste criteria would be needed to ensure free movement of secondary raw materials within Europe or globally;
- Monitor closely national implementation of such criteria in order to identify potential barriers to the Circular Economy;
- All decisions in each step of the life cycle of a product (from choice and extraction of raw materials/feedstocks, ecodesign, material selection, production and processing, use phase, waste treatment, re-use and use of secondary or virgin raw materials) must be governed by the results of full life cycle assessments and should consider all relevant trade-offs. Material recycling alone will not lead to a circular economy. It requires a variety of waste treatment methodologies including re-use, refurbishment, mechanical as well as feedstock recycling and for a transitional period also energy recovery to realise a closed loop economy.



ENVIRONMENT

ECODESIGN



Key Messages

The true benefits for environment and energy efficiency under eco-design can be misleading if a careful impact assessment for components integrated into products is not performed, for instance as with the revision of Lot 11 (fans). This can lead to unaffordable products which are rejected by consumers and thus annul any contribution to reduction of energy use. Without proper Least Life Cycle Cost (LLCC) assessment, the minimum efficiency performance standards (MEPS) can be set unrealistically, leading again to unaffordable final products for the consumer. The Lot 11 (fans) example also demonstrates that if the necessary spare parts to repair a product do not meet the most recent regulation requirements, the product cannot be repaired and the consumer reverts to new products instead.

JBCE supports focusing implementing measures on energy-related products (ErP) on removing the least efficient products from the market and advises against setting MEPS based on the 10% of most efficient products, as they are covered by the Ecolabel regulation. Likewise, JBCE advocates for taking spare parts into account to ensure product lifetimes can be extended by repair.



Recommendations for Policy-makers:

- Uphold the ErP principle of setting MEPS at the level of Least Life Cycle Cost (LLCC) so that consumers have access to and can purchase affordable and efficient products;
- Perform comprehensive impact assessments before including integrated components into the scope of ErP Lots, avoiding inefficient 'double' regulation measures. It is essential that optimum efficiency is pursued at the level of the final product not at the component level where there are no tangible benefits to the consumers;
- Apply the 'repair as produced' principle to spare parts under ErP, as is the case under the RoHS Directive, in order to consider resource efficiency aspects and avoid the premature disposal of usable parts.



STANDARDS AND CONFORMITY

GENERAL REQUIREMENTS UNDER THE NEW LEGISLATIVE FRAMEWORK (NLF)



Key Messages

The European Commission and the Member States are taking important steps to harmonise regulations under the NLF. This is important for the fair movement of products. One of the NLF requirements is that the language for instruction and safety information should be easily understood by end-users, as determined by the member state concerned.

While JBCE supports harmonisation in this area more generally, the language requirement may not always represent the best solution for professional or skilled users and thus an alternative language may be more appropriate. JBCE also supports the incorporation of the Machinery Directive, which was the subject of a public consultation at the end of 2016, into upcoming NLF revision.



Recommendations for Policy-makers:

- Increase the flexibility of the requirement for the language of instructions when general requirements under NLF are implemented. Professional users often require instructions in a language which is different from the language(s) determined by the Member State concerned. Therefore instructions should be provided in English or a language agreed within a contract to reduce the burden of translation and provide for higher levels of safety by increasing understandability;
- In addition, after the UK withdrawal from the EU, Understand that English is one of the important communication languages and should also be considered in the legal requirements on languages (Added in 2018);
- Involve industry in the modification of the Machinery Directive and guidance.



STANDARDS AND CONFORMITY

MARKET SURVEILLANCE UNDER THE NEW LEGISLATIVE FRAMEWORK



Key Messages

The objectives of the NLF are to introduce harmonised and transparent market surveillance and accreditation for all economic operators.

JBCE would like to see streamlined market surveillance procedures with more transparency. This is essential to reduce the discrepancy of practices among member states and ensure the Single Market in the EU remains intact.



Recommendations for Policy-makers:

- Maintain efforts by the European Commission to involve industry. JBCE requests that this approach continue, notably through wide consultation of stakeholders. This should happen preferably through public consultation to give industry an opportunity to contribute to the development of frameworks for harmonised market surveillance;
- Use tools to coordinate national surveillance activities to enable a proportionate and intelligent control of products and facilitate efficient reporting of those activities.



STANDARDS AND CONFORMITY

PRODUCT SAFETY AND MARKET SURVEILLANCE PACKAGE



Key Messages

The European Commission proposed on 13 February 2013 the Product Safety and Market Surveillance Package – a proposal for a Regulation on market surveillance of products and a proposal for a Regulation on consumer product safety. Article 7 of the consumer product safety proposal requires manufacturers and importers to ensure that products bear an indication of the country of origin of the product.

JBCE believes mandatory indication of the country of origin should not be included in the Package as this does not have implications for the safety of products.



Recommendations for Policy-makers:

- Amend the proposal for a Regulation on Consumer Product Safety by removing Article 7, by which the indication of the country of origin would become mandatory. According to the final report on the 'Implementation of the New Regulation on Market Surveillance: Indication of Origin' dated 6 May 2015, the mandatory indication of the country of origin does not represent considerable added value. JBCE does not consider Article 7 to necessarily improve safety for consumers, rather it would place a substantial administrative burden on manufacturers and/or importers.



TRADE POLICY

EU-JAPAN ECONOMIC PARTNERSHIP AGREEMENT (EPA)



Key Messages

The EU and Japan share common values such as the rule of law and human rights, peace and security. In the area of trade policy, both the EU and Japan have been driving forces in increasing market access and eliminating barriers to trade at the multilateral, plurilateral and bilateral levels. With regards to the EU and Japan bilateral trade relations, on December 8, 2017, the EU and Japan announced the successful conclusion of an ambitious Economic Partnership Agreement - which negotiations had started four years earlier. With the failure of the multilateral trade system in deliver tangible market openness added to the rising protectionist sentiment as well as a growing undercurrent of distrust surrounding trade, the EU-Japan EPA becomes even more important as is the most ambitious bilateral agreement ever concluded to date. JBCE believes that a smooth approval of the EPA by the EU Council and the EU Parliament will deliver the tangible benefits beyond tariff elimination and in areas of environmental and consumer protection, public services and sustainable development.



Recommendations for Policy-makers:

- Work efficiently and cooperatively both in the EU Council and EU Parliament with the ambition that the EPA will enter into force in early 2019;
- Ensure that the EU and Japan regulatory dialogue will continue so to ensure that there is convergence between the two markets;
- Ensure that there is a periodical review of the EPA to ensure that the agreement is properly implemented.

Additional Sources

- Press Release JBCE welcomes finalisation of EU-Japan EPA



TRADE POLICY

EXPORT CONTROLS



Key Messages

In the interest of international security, the EU applies export control rules to “dual-use” goods used for both civilian and military applications across a wide variety of sectors. In so doing, the EU fulfills international obligations as outlined in UN Security Council resolution 1540 and the Chemical Weapons and Biological Weapons Conventions.

To ensure these rules remain fit for purpose, the European Commission has recast the export control regulation, submitting a proposal to co-legislators in 2016. Deliberations have proved complex, in particular on provisions introduced to better support human security where legal clarity is lacking. **JBCE considers that it is critical that the new export control rule balance the EU commitment to international security while allowing EU industry enough space for competitiveness and innovation.**



Recommendations for Policy-makers:

- Ensure updates to the EU’s common list remain compatible with the EU and Member States’ commitments deriving from international control regimes (e.g. Wassenaar arrangement);
- Develop a system that encourages companies to report and comply, as opposed to a system reliant on sanctions and threats;
- Encourage discussion with stakeholders on possible instruments to achieve high levels of protection for human rights;
- Focus export controls on the most sensitive products, applying fewer restrictions to less-sensitive products;
- Establish the EU as a role model for the global export control system while avoiding market distortions or inefficiencies.



TRADE POLICY

ENVIRONMENTAL GOODS AGREEMENT



Key Messages

The Environmental Goods Agreement (EGA) would reduce tariffs on products in environmentally-related functions. It is thereby central to the international community's attempts to meet the targets of the 2015 Paris Climate Agreement and UN Sustainable Development Goals.

The EU-28 and Japan participate in plurilateral talks under the remit of the World Trade Organisation (WTO), along with 18 more countries. For a conclusive agreement, parties must represent a "critical mass" of the trade in goods concerned.

In the past months there has been no progress in the negotiations and parties have not engaged in advancing this issue. In addition, unfortunately, we see no sign, at the WTO level, that EGA negotiations will resume anytime soon.



Recommendations for Policy-makers:

- Maintain the focus of the EGA on its original goal to support environmental and climate protection by promoting free trade and market access through tariff elimination on products which contribute to environmental goals;
- Insist that any negotiations should be multilateral and plurilateral, making use of relevant World Trade Organisation mechanisms and platforms;
- Pursue further dialogue on an agreeable list of exempted goods, taking into account their real contribution to the achievement of environmental goals;
- Continue negotiations without delay, with a view to reach an ambitious conclusion as soon as possible.



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