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ANNUAL

REPORT





Japan Business Council in Europe
ANNUAL REPORT 2019



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 and Energy, 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	Toru Morita	Mitsui Chemicals
VICE-CHAIRMAN	Lars Brückner	NEC
SECRETARY GENERAL	Kitayoshi Tsumita	
TREASURER	Katsumi Sugiyama	Canon
BOARD OF DIRECTORS	Koji Takagi Tetsuro Uruno Norihiro Suzuki Keiko Nagase-Reimer Marcus Rieker Yuji Kawase Yuji Hirota Masakazu Watanabe	Bridgestone Fujitsu Hitachi Shimadzu HORIBA Mitsui & Co Panasonic Toshiba

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CORPORATE POLICY	Shigeto Minami	Sumitomo Chemical
CSR	Yukako Kinoshita	Hitachi
DIGITAL INNOVATION	Marco Canton Lars Brückner Antoine Larpin	Fujitsu NEC Panasonic
ENVIRONNEMENT & ENERGY	Mihai Scumpieru Regina Döller	Mitsubishi Electric Mitsui Chemicals
STANDARDS & CONFORMITY	Kayo Shibata	Canon
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	Keiko Nagase-Reimer	Shimadzu
WEEE RECAST IG	Mihai Scumpieru	Mitsubishi Electric
REACH WG › NANOMATERIAL IG	Lars Brückner › Keiko Nagase-Reimer	NEC Shimadzu

ENVIRONNEMENT & ENERGY

AIR-CONDITIONER WG	Rodney Ayre Tetsuji Fujino	Mitsubishi Electric Mitsubishi Heavy Industries
RESOURCE EFFICIENCY IG	Regina Döller	Mitsui Chemicals
BPR IG		
ECO-DESIGN AND ENERGY-LABEL IG		



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FOREWORD

The Japan Business Council in Europe (JBCE) is a horizontal European business association established in 1999. JBCE members are companies of Japanese parentage with operations in Europe. These members contribute invaluable to the European economy, and in turn, JBCE provides a conduit by which their combined expertise and perspective can facilitate the work of European policy-makers. In this regard, JBCE acts as a bridge between the EU and Japan, encouraging and enabling more dialogue and more cooperation to usher in increased mutual economic and social prosperity and growth for both geographies.

As JBCE looks forward to its 20th anniversary this year, we pledge to continue this work to deepen cooperation between the EU and Japan. In our view, this cooperation is more important than ever. As geopolitics become more unpredictable, the EU and Japan provide stability in their defence of common values, including their commitment to a multilateral, open rules-based system.

The EU-Japan relationship makes a strong case that this system still works. We celebrate this year the entry into force of the EU-Japan Economic Partnership Agreement (EPA) on 1 February 2019, after almost five years of negotiations. The numbers make the value of the EPA obvious. An open market of 640 million people. One third of global economic output. 40% of world trade. But above all, the EPA is a promise between Tokyo and Brussels to stay the course towards further opening, and it provides the legal framework to do so. The EPA is a remarkable achievement, even more so against the backdrop of tariffs and trade wars being waged elsewhere. It sends an indisputable signal that the EU and Japan are united against anti-globalist and protectionist forces, and united in what they know to be true: that openness and collaboration leads to flourishing societies and economies. We likewise welcome the “adequacy decision” in place since January 2019, which guarantees equivalently robust data protection mechanisms and created the world’s largest area of safe data flows. Both achievements put the EU and Japan in a position to meet common goals. All stakeholders must take advantage of this framework to transform promise into reality and reap the benefits together.

2019 presents several important opportunities for the EU and Japan to advance their cooperation as agreed at the EU-Japan High Level Industrial, Trade and Economic Dialogue, launched in October 2018. In June, Japan will host the G20 summit. In August, France hosts the G7 countries. These are chances for the like-minded partners to provide leadership and be coherent in their approach on the global stage. Strong bilateral relationships alone will not be enough to overcome the common challenges we face, such as ageing societies, climate change or the ethical questions surrounding increasingly powerful technology. These problems of global scale need global solutions. Therefore, we advocate for the EU and Japan to use the global platforms such as the G7 and G20, provide to push for progress against the Sustainable Development Goals (SDGs) and work to enhance multilateral and open international trade, promote the digital economy and strengthen investment. Japan’s pursuit of “Society 5.0” can be a relevant best practice in this regard, as it takes a human, sustainability-focused approach to thoughtful policymaking which consequentially stimulates economic growth.

More immediately and closer to home, Brussels is preparing for the next political cycle. This 2019 JBCE Annual Report conveys our positions in priority policy areas including CSR, digital, environment & Energy, Standards & Conformity and trade policy. In the pages that follow, we make recommendations to policy-makers, based on the unique position JBCE occupies between Brussels and Tokyo. This report is meant to serve as another tool for policy-makers as they work to develop smart and adept regulation in these areas throughout the next mandate of the European Commission and Parliament. JBCE is available and open to discuss in greater detail as the new institutions settle into their roles.

In conclusion, JBCE is confident that if the EU and Japan continue to follow the collaborative and communicative path they have established together, the partners will be able to surmount the challenges we face and capture opportunities ahead.



OVERARCHING TOPICS

RECOMMENDATIONS FOR G20 / G7



Key Messages

2019 represents unique opportunities for EU-Japan cooperation at the global level, with Japan holding the Presidency of the G20, while France's G7 Presidency will culminate in a Summit in August. The multiple ministerial meetings being hosted under both Japanese and French leadership provide possibilities to advance EU-Japan cooperation across a multitude of issue areas.

JBCE calls upon the EU and Japan to lead these global-level discussions towards the Sustainable Development Goals (SDGs) by “like-minded” partners. Both the EU and Japan collaborate towards solving global societal challenges, fostering the innovation which contributes enhancing people’s quality of life.



Recommendations for Policy-makers:

- Use the opportunity of the G20 and G7 to build support for and defend the multilateral, rules-based system of world trade, with a particular focus on the reform of the World Trade Organization (WTO) – the EU and Japan should continue to provide leadership at the global level in this regard, including through the trilateral framework among the EU, Japan and the US.
- Promote International data flows as a vital enabler of innovation across industry and business sectors in keeping with the Japanese government’s concept of “data free flow with trust (DFFT)”; Continue to be active in international discussions and initiatives and contribute to multilateral fora based on common principles and objectives to fully exploit the potential of social transformation by digital technology; Promote international standards and an alignment of regulatory approaches to tackle cybersecurity challenges.
- Promote Japanese best practices and technologies related to resource efficiency; With regard to plastics in particular, take consideration of practical waste management such as separation and collection to reduce marine litter by accepting not only material recycling but also incineration with energy recovery and tackling the upstream production of single use plastics.



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 EU. This includes the United Kingdom. Japanese companies have invested €357 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. Regardless of Brexit, the UK continues to be an essential partner for European businesses, including JBCE Members.

JBCE firmly opposes a no deal Brexit and call for policy makers to make every effort to avoid it. Indeed, it believes a no deal would have severe and detrimental consequences on Japanese and EU businesses in Europe.



Recommendations for Policy-makers:

- Encourage the involvement and contribution of all concerned stakeholders in defining the future relationship.
- Create an atmosphere of predictability around the future EU-UK relationship as soon as possible and take decisions to provide certainty for Japanese investors and businesses.
- Promote a comprehensive future EU-UK-Japan trilateral relationship in order to minimise the disruptions to JBCE member companies.



CSR

POLICIES ON THE SDGS AND CSR/RBC



Key Messages

CSR has been defined by the European Commission as one of the key enablers of the Sustainable Development Goals (SDGs). Through its Reflection Paper “Towards sustainable Europe 2030”, the Commission states that “business have a vital role to play in the sustainability transition” and underlines the importance of working at the EU level to identify measures to promote sustainable business activities to achieve the SDGs and reinforce EU industrial competitiveness. In March 2019, the Commission published a stocktaking document of EU actions on Corporate Social Responsibility (CSR), Responsible Business Conduct (RBC) and Business and Human Rights.

JBCE supports the EU’s ambition to drive sustainable business practices and believes the stocktaking document is a good foundation for the next Commission. JBCE encourages the next Commission to continue to integrate sustainability across policies and ensure a predictable and stable environment for business to flourish.



Recommendations for Policy-makers:

- Integrate SDGs/CSR consistently in EU policy-making. Establish the EU as a leader in discussions on how to encourage the uptake of SDGs/CSR. Promote both individual and collective actions to maximise positive impacts while mitigating negative ones.
- Create policy coherence across different sustainability initiatives in the EU as well as in international agendas. Exchange best practices between Japan and the EU to inform the future bilateral and global policy trajectory. 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 a vital platform for dialogue to supplement other multi-stakeholder mechanisms.
- Build an open platform beyond the EU Multi-stakeholder Platform on SDGs to open new dialogues and consultations. Japan can be a key partner of the EU thanks to the comprehensive partnership under the EU-Japan Economic Partnership Agreement (EPA).
- Take advantage of pre-existing frameworks for collaboration on sustainability involving companies and stakeholders. Focus on nurturing these collective achievements to identify best practices and share knowledge to achieve the SDGs.

Additional Sources

- 3rd EU Japan CSR Business Dialogue in Brussels 2018



CSR

SUSTAINABLE FINANCE



Key Messages

The European Commission has made proposals to, among others, develop an EU taxonomy in support of sustainable finance. These will make important contributions to meeting the targets of EU and international policies related to the achievement of the UNFCC Paris Agreement and the UN 2030 Agenda for Sustainable Development. Promoting sustainable private sector financing and directing investments according to these principles are missing links to achieve these targets.

JBCE supports the promotion of international standardisation in this field. JBCE companies operate across borders and we believe that a sustainability classification system should, if design correctly, benefit the entire value chain.



Recommendations for Policy-makers:

- Take a global perspective in developing standards for sustainable economic activities and investments.
- Avoid considering economic activities in isolation. To account for their full contribution, it is important to imbed them in their economic and social context and look for example at regional or national GDP, the stage of transitions, progress towards electrification and digitalisation, development of financial measures and skills needed to implement the criteria, etc
- Focus on the “continuous improvement” of the current situation instead of being preoccupied by the different nature of economic activities. This will create clarity in order to foster innovation, reward concrete transitional activities, mitigate inequality and enhance competitiveness.
- Maintain a positive and inclusive mindset to encourage companies to transition to these goals in order to mobilise investments in alignment with economic, environmental, societal and governance objectives.
- Create a transparent (easily consulted by all market players) and adaptable (dynamic measurements for innovation and technological development) process of criteria development.
- Clarify the scope and the goal of Taxonomy in relations to other policies including its applications to Eco-label criteria for retail financial products.

Additional Sources

- JBCE Position paper on the EU Sustainable Finance and Taxonomy



CSR

NON-FINANCIAL INFORMATION DISCLOSURE



Key Messages

Materiality differs for each company depending on the nature of business, the perspective of top management, corporate strategy and internal organisation. This varied character of materiality means 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.

JBCE believes non-financial reports are powerful tools if the reporting company retains discretion in determining what material is and to whom it discloses. This is because non-financial reporting is a meaningful tool if it's focused on the impacts and improvements that are important to the given company. JBCE supports a principle-based approach as the only viable way for companies to meaningfully explain their business in a dynamic and changing environment.



Recommendations for Policy-makers:

- Emphasise dialogue as an equally valuable means for companies to strengthen investor and stakeholder trust and leverage the improvements of companies' internal practices by incorporating dialogue into the plan, do, check, adjust (PDCA) management cycle.
- Envisage non-financial reporting as a meaningful channel for companies and investors to discuss and exchange value creating processes, but not as an administrative tool that cultivates a compliance mindset.
- Foster innovation and growth by motivating companies to integrate CSR and the SDGs into daily business to become more innovative and competitive in the global context. This includes open exchanges among stakeholders, partner countries or regions, governments and suppliers.
- Avoid creating or imposing EU-only monitoring/reporting mechanisms for companies regarding their contribution towards the SDGs. Monitoring is a meaningful tool only if focused on the impacts and improvements that are important to companies. Rather than acting independently, EU should collaborate with other countries such as Japan to create a widely applicable monitoring mechanism.

Additional Sources

- Position paper JBCE provided as the fitness check response



CSR

RESPONSIBLE SUPPLY CHAIN MANAGEMENT



Key Messages

CSR and RBC are central topics of discussion between the EU, its partner countries and regions, and business. Responsible sourcing from conflict-affected and high-risk areas as well as genuine engagement with human rights enable better socioeconomic standards in developing countries.

JBCE considers that the efforts of industry alone are insufficient. To properly address responsible supply chain management, government engagement and collaboration between different regions and countries is crucial. 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:

- Promote internationally recognised frameworks in the EU that take a risk-based approach instead of adopting EU-specific conditions and rules, such as the UN Guiding Principles on Business and Human Rights and OECD Due Diligence Guidance. A globally coherent legal framework is a precondition to enable companies to take a global approach, as well as meaningful local actions.
- Take leadership to close the governance gap between countries and regions to address fundamental problems on the ground. Encourage dialogue and engagement with stakeholders to complement the efforts of industry for responsible sourcing of products and services and drive collaboration across cultures and systems.
- Create an environment in which companies are encouraged to nurture responsible supply chains. Recognise industry efforts to make progress in fostering competitive and value-creating supplier networks.

Additional Sources

- 3rd EU Japan CSR Business Dialogue in Brussels 2018



DIGITAL INNOVATION

INTERNATIONAL DATA FLOWS AND PRIVACY



Key Messages

An adequacy decision adopted in January 2019 between the EU and Japan enables the free flow of personal data between the partners and creates de facto the largest area for safe and protected transfer of personal data. It complements the EU-Japan Economic Partnership Agreement (EPA) and is a foundation for further EU-Japan cooperation in this space. As a follow up, Japanese Prime Minister Shinzo Abe introduced a plan to allow for industrial, non-personal data to be shared across borders at the World Economic Forum (WEF) in Davos in 2019. His initiative “Data Free Flow with Trust (DFFT)” aims to build a trusted cyberspace with strong data security as the basis for free flow of data.

JBCE proposes to use the dialogue on digital topics in the EU-Japan bilateral relationship as a building block to play a leading role at international fora such as G7, G20, OECD and WTO.



Recommendations for Policy-makers:

- Enhance further the EU-Japan governmental dialogue on Digital topics and engage with the private sector in order to facilitate the free flow of data between the EU and Japan, as well as other parts of the world.
- Align future EU digital policies with the concept of “Society 5.0”, the Japanese flagship policy programme aimed at building a human centric, super-smart society that addresses environmental, social, and economical challenges by the promoting cutting-edge technologies such as Artificial Intelligence (AI), Robotics, Internet of Things (IoT) and Blockchain into every aspect of industry and society.
- Consider opening the dialogue on data flows disciplines in the EU-Japan EPA at the earliest possible opportunity.

Additional Sources

- JBCE Press Release on EU-JP Adequacy Decision



DIGITAL INNOVATION

A COHERENT LEGISLATIVE AND REGULATORY ENVIRONMENT (CYBERSECURITY, EPRIVACY)



Key Messages

Two pieces of legislation important for the digital economy are currently in progress. These are the Regulation establishing the European Cybersecurity Industrial, Technology and Research Competence Centre and the Network of National Coordination Centres and the Regulation on Privacy and Electronic Communications (ePrivacy Regulation or ePR).

In both cases, JBCE calls on legislators to build a legislative and regulatory environment coherent with existing EU and international frameworks. Only regulation that accounts for previous and ongoing work in this space can be 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:

- Ensure the development and later implementation of the ePR is done with “Smart Regulation” efforts and in coherence with existing policy framework, namely the General Data Protection Regulation (GDPR). Be attentive to how definitions and other clauses could impact M2M data transfers to preserve innovation and the possibility for digital solutions to be developed in the EU.
- Legislate such that the EU cybersecurity certification schemes reflect the fact that cybersecurity is an international issue. Pursue international harmonisation in the field of cybersecurity and include globally recognised standards in the European model.
- Align the EU regulatory cybersecurity framework with Japan’s for seamless interaction of the models. This includes certification and labelling of IoT devices and services.
- Duly consult the private sector for the development of cybersecurity certification schemes.

Additional Sources

- JBCE Recommendations on the ePrivacy Regulation



DIGITAL INNOVATION

EMERGING TECHNOLOGY (AI, BLOCKCHAIN)



Key Messages

After several EU Member States began to devise national AI strategies, the EU published in April and December 2018 respectively an AI Strategy for the EU and a Coordinated Action Plan on AI to foster the development and use of AI in Europe. The EU then published Ethical Guidelines on AI in April 2019. Blockchain technology also has been getting attention. The Commission launched an EU Blockchain Observatory and Forum and established International Association for Trusted Blockchain Application (INATBA).

JBCE is convinced a comprehensive European and International framework on AI and Blockchain makes sense. To reap the promise of new and emerging technologies, the practical application across different uses and sectors must be considered, as should regulatory cooperation with established leaders on the topics, such as Japan. JBCE supports further EU-Japan cooperation and the inclusion of all stakeholders and civil society in an open debate for a digital transformation that is positive for all.



Recommendations for Policy-makers:

- Support initiatives to foster better understanding of the potential of AI-based solutions.
- Use global fora to foster an international common understanding of holistic, human centred, and future-oriented AI to be taken forward in by bilateral initiatives for all to benefit from AI.
- Oppose policies that pre-emptively limit or ban AI technologies through unsubstantiated prejudices and harmful speculation. Instead support extensive testing of AI technology solutions across different applications and business sectors.
- Resist protectionism and create AI policies in and for Europe including strong R&I funding.
- Create a blockchain-friendly environment that includes businesses, consumers and Public Sector in the landscape by fostering Public Private Partnerships (PPPs) and open dialogues such as Public Consultations and working at global level.
- Promote strong international cooperation to remove legislative obstacles to blockchain applications and solutions across borders.

Additional Sources

- JBCE Public Consultation on the Draft AI Ethics Guidelines



ENVIRONMENT AND ENERGY

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 in cooperation with businesses the EU strengthen regulatory harmonisation and support supply chain management with non-EU countries.

JBCE believes that there should be more opportunities to account for 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 implementation and enforcement/market surveillance level. For example, more efforts are needed to avoid double regulation and ensure a level playing field for industry in order 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 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.
- Align and limit the scope of the SVHCS database developed by ECHA within the scope of REACH article 33. An easy to use, reliable and flexible IT tool should be implemented that keeps to a minimum the administrative burden placed on the producers and importers.

Additional Sources

- 2nd stakeholder consultation/RoHS draft methodology to identify and assess substance for possible restriction
- Explanatory remarks response to consultation on interface between chemical, product and waste legislation



ENVIRONMENT AND ENERGY

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. The EU-Japan Economic Partnership Agreement (EPA) provides a venue for cooperation between the EU and Japan to set work on regulatory harmonization, for instance on material recycling and energy recovery, developing the right incentives, targets for resource and energy efficiency, standardised test methodologies, criteria and common format of environmental products declaration.

JBCE supports the EU's ambition to assess environmental benefits at the design stage on the basis of scientific evidence, underlining the need to balance the requirements of energy efficiency, resource efficiency, and safety and performance of products. JBCE calls on EU authorities to avoid overlaps or contradictions between several pieces of legislation which limit circular business models and to be attentive to international standards in this space.



Recommendations for Policy-makers:

- Govern 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) by the results of full life cycle assessments and consider all relevant trade-offs. Material recycling alone will not lead to a circular economy. The latter requires a variety of waste treatment methodologies including re-use, refurbishment, mechanical as well as feedstock recycling and also energy recovery for a transitional period to realise a closed loop economy.
- Work towards greater harmonisation and simplification of existing legislation and policies at EU level to overcome barriers imposed 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.
- 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.
- 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 that would undermine the credibility of new business models.

Additional Sources

- Explanatory remarks Public Consultation "EU Product Policy Framework"



ENVIRONMENT AND ENERGY

ECODESIGN



Key Messages

The true benefits for environment and energy efficiency under eco-design can be misleading if a careful impact assessment of components integrated into products is not performed, for instance as with the revision of Lot 5 (electronic displays). This puts extra burden on industry to prepare markings such as “Cd free”, even though the substance is already restricted under the RoHS Directive. The Lot 5 (electronic displays) example also requires a spare parts delivery time of 15 days which leads to increasing shipment cost, due to the majority of display manufacturers not being based in the EU.

JBCE supports focusing on implementing energy-related products (ErP) measures that remove the least efficient products from the market. We advise against setting minimum energy performance standards (MEPS) based on the 10% of most efficient products already covered by the Ecolabel regulation. Likewise, JBCE advocates for account for spare parts 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, and 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 are 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 is going through a consultation and evaluation, 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;
- Involve industry in the modification of the Machinery Directive, Low Voltage Directive and guidance.

Additional Sources

- Inception Impact Assessment for the revision of the Machinery Directive



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 continues, 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.
- To utilise the new Goods Package to ensure further improvement of harmonised operation within the current single market.



TRADE POLICY

MULTILATERAL AND PLURILATERAL TRADE



Key Messages

The World Trade Organization (WTO) is a unique forum for the achievement of trade objectives, both in rule-setting and the resolution of trade disputes, and has a proven track record, having delivered with initiatives such as the Information Technology Agreement (ITA) and its revision.

JBCE, as a firm believer in multilateral and plurilateral rules-based trade, calls upon the EU and Japan to work together to protect this institution, while also driving its reform to adapt to a continuously changing global trade environment through engagement in all relevant fora.



Recommendations for Policy-makers:

- Address effectively and as soon as possible the impasse in the reform of the process in nominating, reviewing, and approving members to the WTO Appellate Body.
- Update WTO rules to ensure free and fair competition for businesses across the full range of international trade transactions, including through improving market access for goods and services and addressing trade distortions including subsidies and forced technology transfers.
- Launch a structured and independent advisory committee including members of business to facilitate and support meaningful reform of the WTO.
- Move forward with ongoing plurilateral negotiations on e-commerce; Place particular emphasis on the free flow of data, with a basis in the concept of Free Flow of Data with Trust.
- Relaunch negotiations on the Environmental Goods Agreement (EGA), and ensure that that ITA is appropriately updated in a timely manner.
- Improve international regulatory cooperation to avoid regulatory fragmentation and poor implementation.



TRADE POLICY

MONITORING AND IMPLEMENTING THE EU-JAPAN EPA



Key Messages

The EU-Japan Economic Partnership Agreement (EPA) is the largest bilateral trade agreement ever negotiated, and holds unparalleled potential to bring benefits to European and Japanese societies and economies. It is also an ultra-modern agreement which should set global standards for future free trade agreements (FTAs), and a clear signal against trade protectionism and in favour of free and fair trade. It has already been complemented by the EU-Japan Adequacy Decision.

JBCE urges policy-makers to ensure the proper implementation of the EPA in order to fulfil its true potential.



Recommendations for Policy-makers:

- Continue with existing high-level dialogues like the High-level Industrial, Trade and Economic Dialogue and the EU-Japan Joint Committee in order to further strengthen bilateral cooperation, but also the combined capacity of the EU and Japan to set global standards in trade policy and beyond.
- Involve industry representatives in the development of the scope and the terms of reference of the Domestic Advisory Groups in order to ensure a fair balance among all involved parties; This process should be pursued in a transparent and efficient manner.
- Consider opening the dialogue on data flows disciplines in the EU-Japan EPA at the earliest possible opportunity.
- Monitor carefully the implementation of the EPA, such that it functions well for businesses from a practical point of view; In particular, ensure that pending questions relating to customs procedures are resolved in a clear and timely manner to avoid administrative burdens on industry.
- Build upon ongoing work by technical groups on issues such as regulatory cooperation and the ICT dialogue with a view to guaranteeing that the EPA remains a living, future-oriented facilitator of bilateral cooperation.



TRADE POLICY

EU FTAS WITH OTHER THIRD COUNTRIES



Key Messages

While the multilateral system will remain the optimal means to achieving freer and fairer global trade, the bilateral agreements will continue to play an important role. The EU has shown itself to be a standard-setter in the negotiation of modern comprehensive FTAs, which serve as important steps to curbing protectionism – this is all the more important as the multilateral system comes under pressure.

JBCE therefore calls upon policymakers to continue to pursue an ambitious bilateral trade agenda, the ambition of which is reflected in the dissemination of high standards globally.



Recommendations for Policy-makers:

- Ensure a swift ratification of the EU-Vietnam FTA; Promote the continuation and/or re-launching of talks with other ASEAN partners such as Indonesia, Malaysia, Thailand and the Philippines, with a region-to-region FTA as a medium-term objective, calling on leaders of both sides to engage in diplomatic dialogue to resolve the impeding issues.
- Ensure that FTAs are ambitious in terms of product coverage, as well as in ensuring that trade policy and sustainable development go hand-in-hand, producing balanced outcomes for economies and societies, businesses and consumers.
- Continue to negotiate FTAs that look beyond mere tariff reduction, and ensure deep economic cooperation through the abolition of non-trade-barriers (NTBs) such as mandatory local testing requirements.
- Use FTAs to ensure cooperation on standards and technical regulations, with the aim to base the latter on international benchmarks whenever possible.
- Pursue an FTA agenda that accommodates the ever-growing role of digital trade, and aim to include language on data flows in future FTAs, including prohibitions on data localization measures; Where relevant, use the forum of trade negotiations to encourage partner countries to sign up to the WTO ITA.



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