

Japan Business Council in Europe's Declaration Ahead of the New Political Mandates in 2024

Created in 1999, Japan Business Council in Europe (JBCE) is proud to be a leading European organisation representing the interests of over 100 multinational cross-sectoral companies of Japanese parentage active in Europe.

JBCE cultivates a strong collaboration with the European Institutions to strengthen both the political and trade relationships between the European Union (EU) and Japan and develop a policy framework that supports fruitful and responsible business conduct.

Reinforcing the cooperation within the framework of the EPA (EU-Japan Economic Partnership Agreement) remains one of JBCE's main priorities and, for this purpose, it would like to present its suggestions for the new mandate 2024-2029.

CONTEXT

As **long-established like-minded partners**, the EU and Japan share a lot of **common values** such as the rule of law, international order, respect for Human Rights and sustainability. The success of the EPA until now has been comforting the close ties between the two on the international scene.

At the same time, we also share a lot of **common challenges** such as how to make sustainability competitive, dependencies on critical materials and goods in specific supply chains or attracting and inventing the most cutting-edge technologies and human resources.

In times of promoted **economic security and supply chain resilience** amid **challenging geopolitical and economic contexts**, we do believe both entities should rely on each other to face the challenges ahead.

The **prosperity of both regions** is intrinsically linked to **more strategic cooperation** and maintaining the EU's status as an attractive market for **innovation and foreign investment**, including from the Japanese industry, implies finding the right balance in terms of regulation between the ambitions required and the need to integrate market realities.

JBCE, as a representative of the Japanese industry, has been **contributing to policymaking** at EU level for the **past 25 years**, bringing the expertise of its members to help forge better regulations. We would like to present our suggestions for the new mandate 2024-2029.

GENERAL CONSIDERATIONS

- ⇒ Improving European competitiveness in the context of the **EU's economic security agenda**, should **not be done at the expense of relationships with its most trusted partners**. The EU and Japan should focus on deepening and strengthening their existing relationship. Stronger ties between the EU and Japan would imply developing key partnerships such as:
- EPA
 - Green Alliance
 - Digital Partnership
 - High-Level Economic Dialogue
 - Industrial Policy Dialogue
 - Business Round Table
- ⇒ JBCE believes there are many ways to enhance the ties between the two entities and supports, for instance, the idea of Japan becoming an **Associated Country to Horizon Europe**. JBCE would welcome the EU working towards the **start of negotiations with Japan** and would be happy to purvey the needs of the Japanese industry in this regard.
- ⇒ The industry has been facing an increasingly important amount of new legislation and requirements in the past mandate. As such, there is a clear message from our members to give them time to embrace these changes and make the appropriate adjustments. The focus should now be on ensuring **proper and workable implementation** (e.g. via secondary law co-creation and timely guidelines), avoiding additional constraints or complexity in the short term and **limiting unnecessary administrative burden** for companies. In this regard, more support is also needed from public authorities to help businesses and their suppliers navigate the new and oftentimes complex regulatory environment.
- ⇒ Finally, JBCE would welcome an increased focus on predictability in the decision-making processes. Whereas we do understand the existence of inherent difficulties linked to the very nature of the decision-making process at EU level, we would like to underline our concerns related to recent developments where **considerable changes were incorporated after a provisional political agreement had been found**. Such a trend undermines the trust in the EU decision-making processes and **businesses need predictability to anticipate and prepare as efficiently as possible**.

SECTORAL CONSIDERATIONS

- ⇒ While supporting the European Commission's efforts to reach its climate targets, JBCE believes that a fair and predictable business and regulatory environment and better collaboration would allow Japanese companies to fully contribute to a **carbon-neutral society and achieve circular and resilient supply chains**.

- ⇒ Creating a sustainable and fair society with higher environmental, social and resilience standards is an objective shared by both Japan and the EU. **JBCE stands ready to contribute to the policy discussion to create rules favouring a more sustainable and resilient market with the EU and other like-minded partners.**

- ⇒ **Recycling and alternative technologies should be used to achieve carbon neutrality** and a society that is better for the environment and human health. JBCE members are prepared to contribute to the EU-Japan strategic partnership on economic security and supply chains.

- ⇒ Achieving **sustainable and responsible supply chains** requires a **holistic and cooperative approach** where economic actors, policymakers and all relevant stakeholders recognise their shared responsibility and work together towards the same objective. Legislation is a tool, but it should be accompanied by supportive measures such as dialogue, helpdesks, additional information, harmonisation of approaches etc. **A fair and reasonable application of legislation to third-country companies should be ensured.**

- ⇒ **International harmonisation**, especially in the **digital field**, remains of paramount importance when it comes to **definitions of key terminology but also standards** used. Legal certainty for the companies is key considering the inherently global dimension of today's supply chains.

- ⇒ There is a need to ensure that **legislation can keep up with technological innovation**. JBCE believes that **Public-Private cooperation** will help ensure such alignment.

- ⇒ **Standardisation** will be the **cornerstone of the proper implementation** of many legislations and will be key to taking the industry forward. **Japan-EU cooperation** in this regard remains vital.

ANNEX - JBCE'S CONCRETE PROPOSALS (as of April 2024)

- *The EU-Japan Digital Partnership should be used as a platform to discuss AI-related topics. There is an opportunity to cooperate, and it would bring a significant added value in terms of looking at different angles, competitiveness, research opportunities and so on. In this regard, we would like to propose including generative AI as a priority area for the EU-Japan Digital Partnership. We would like to suggest the implementation of an EU-Japan sandboxes exercise as part of the EU-Japan Digital Partnership, focusing on regulatory harmonisation, standards, and interoperability. These sandboxes should be a continuous exercise focusing each year on one or two new topics decided through open consultation involving EU and Japanese stakeholders. For the first year, we would suggest focusing on Generative AI.*
- *Defining high-risk AI and GPAI remains of paramount importance and we believe stakeholder consultations should be encouraged in the process.*
- *Japanese companies should be allowed to participate in Expert Group meetings (e.g. on the Radio Equipment Directive, High-Level Forum on European Standardisation, etc) and have more access to standards organisations' work, on the AI Act and Eco-Design for instance, in order to share their expertise and facilitate international harmonisation.*
- *The move towards a low-carbon, resource-efficient, circular economy needs to be done with the help of digital technologies, such as the Digital Product Passport and Data Spaces, key enablers for the future of the EU-Japan relationship and should be discussed within the EU-Japan Digital Partnership.*
- *With regards to Data Spaces, JBCE suggests that the EU-Japan Digital Partnership and all the other institutional channels focus on them in order to support rapid alignment of interconnecting technologies and interoperability requirements and facilitate the operation of Data Spaces in both regions.*
- *JBCE strongly encourages the EU-Japan Digital Partnership to support the ongoing negotiation for Japan to join Horizon Europe as an Associated Country. We suggest that the partnership co-organise or sponsor workshops for Japanese stakeholders to inform them of the added value of Associated Country status. JBCE would be happy to actively participate in this activity. JBCE also asks to increase the number of joint EU-Japan calls in the current Horizon Europe Programme as a "preparatory action" to increase the number of Japanese organisations involved in Horizon Europe projects.*

- *JBCE recommends further strengthening the cooperation on topics such as due diligence and Responsible Business Conduct within the framework of the EU-Japan Joint Dialogue with Civil Society.*
- *Implementable measures should be ensured for all upcoming legislation¹. Comprehensive and timely guidelines are necessary to assist companies in their efforts.*
- *Providing sufficient guidance and appropriate tools to assist third-country companies will be essential to ensure proper implementation, in particular, of the Carbon Border Adjustment Mechanism (CBAM), the Corporate Sustainability Reporting Directive and the Corporate Sustainability Due Diligence Directive. In this regard, JBCE suggests having continuous communication with the European Commission to efficiently achieve an adequate implementation.*

CONTACTS

Shozo MAEDA – maeda@jbce.org
Secretary General

Mikaela NILSSON – nilsson@jbce.org
Senior Policy Manager

Rue de la Loi, 82 – 1040 Brussels, Belgium
+32 2 286 53 30
EU Transparency Register: 6836571120-55

¹ E.g. the Corporate Sustainability Due Diligence Directive, the Forced Labour Products Ban Regulation, the Batteries and Waste Batteries Regulation, the Eco-design for Sustainable Products Regulation, the Artificial Intelligence Act, the Cyber Resilience Act.