

EU-Japan Business Dialogue Round Table

Berlin Meeting, 3-4 June 2007



“Joining forces for competitiveness and sustainability”

Recommendations

1. Introduction

The EU-Japan Business Dialogue Round Table (BDRT) held its annual meeting in Berlin on 3 and 4 June 2007, in advance of the Japan-EU summit, bringing together business leaders from top corporations. The meeting was co-chaired by Baron Georges Jacobs, chairman of the board of UCB, and Mr. Tadashi Okamura, chairman of the board of Toshiba Corporation.

The meeting took place in the presence of Mr. Günter Verheugen, Vice-President of the European Commission in charge of Enterprise and Industry, Mr. Kozo Yamamoto, Deputy Minister of Economy, Trade and Industry and Ms. Midori Matsushima, Vice-Minister for Foreign Affairs, Mr. Hideo Shimizu, Vice-Minister for Policy Coordination, Ministry of Internal Affairs and Communications from Japan; and Mr. Georg Boomgaarden, State Secretary of the Federal Foreign Office from the German Government. In addition to economic issues facing Japan and the EU, business leaders considered some of the many problems faced by the world today, and saw vigorous discussion and exchanges of opinion.

The EU continues to grow in size and depth. The January 2007 accession of Bulgaria and Romania created a single market of 27 countries, with a population of some 500 million people and a GDP of approximately 13 trillion euros. Japan is emerging from a prolonged period of economic sluggishness and moving towards recovery, and now is ready to play a more active role in contributing to international economic growth and stability. The EU and Japan are strategic partners and are ready to devising new ways to strengthen their bilateral cooperation.

This year’s BDRT meeting, in addition to discussions with representatives of the Japanese and EU authorities, maximized the time available for open and pragmatic

exchanges on key issues for Japanese and European business, such as the competitive challenges from emerging countries, EU-Japan economic cooperation, and the WTO DDA negotiations.

The BDRT meeting also discussed how to stay competitive through innovation focusing on technology and infrastructure and the new challenges on energy, climate change, and environment.

Throughout the meeting, there was a shared recognition of the need to strengthen Japan-EU cooperation, and the BDRT agreed on the following recommendations for the attention of the governments of Japan and the EU.

2. Overall Priorities

As strong supporter of the WTO Doha Development Agenda (DDA) negotiations, the BDRT continues to urge the European Commission and the Government of Japan to exert their utmost efforts in concluding ambitious negotiations by the end of this year. In particular, the EU and Japan need to focus their efforts leading to new commercial opportunities for industrial goods and services and a binding trade facilitation agreement.

In addition, importance of maintaining the product coverage of the Information Technology Agreement by the WTO ITA members was pointed out, reflecting the concern that inconsistent understandings among WTO ITA members regarding recent products based on the ten year old definitions are jeopardizing the original intent of the ITA.

The BDRT is committed to creating the necessary conditions to deepen the full potential of EU-Japan economic relations, which are far from being fully exploited. With that in view and in line with its commitment to the WTO, the BDRT proposes Japan and the EU authorities to establish a task force with business support to explore the feasibility of a Japan-EU Economic Integration Agreement, which should be an enriched economic agreement that includes priority issues for business such as strengthened regulatory cooperation, intellectual property, trade enhancement, and

improving the investment environment. EU and Japan business expects the results of the outcome of the task force by the 2008 BDRT meeting.

The BDRT members drew serious attention to the joint challenge to ensure availability of environmentally sound energy at a reasonable price. The BDRT support promotion of the practical advantages of energy efficiency, and reducing reliance on fossil fuels with dissemination of current technology and the development of innovative technologies. A global approach is necessary for combating climate change, to meet the environmental objectives and to reduce any negative competitiveness implications avoiding unilateral climate strategies.

For a post-Kyoto Protocol framework, the participation of major carbon-emitting countries, such as the United States, China and India is essential. To realise that, instead of establishing absolute-value targets by country, a sectoral approach based on energy-efficiency targets could be alternative.

The members of BDRT have built highly developed socio-economic systems on a democratic base, and share the same values in many spheres. Japan and the EU should recognise and confirm their ability to build a powerful partnership to promote sustainable development of the world economy.

More concretely, climate change, sharp energy price rises and stable energy supply, the growing wealth gap between the rich and the poor are all urgent matters that require resolution, and where Japan and the EU should take positions from a long-term perspective.

3. Immediate Action Items Requests for Japan and the EU

The review of the proposals contained in the action plan for Japan-EU cooperation that was submitted to the authorities last year has been completed. However, only limited progress was made.

The BDRT calls on the Japanese and EU authorities immediately provide all necessary leadership for close cooperation with representatives of government and other experts, in order to achieve steady implementation of the proposals.

The BDRT strongly considers that it is necessary take concrete actions that will create business opportunities in the following areas.

- (1) Follow up on the agreement on a framework for direct foreign investment with specific, focused initiatives
 - Support for Corporate Development
 - 1) Eliminate double contributions of social insurance premiums
 - 2) Simplify procedures for granting approval of work and residence permits; promote speedy processing
 - 3) Harmonize regulations on the level of protection of personal information
 - Strengthen enforcement of intellectual property rights.
 - Promote a harmonized system for regulating low energy consumption and labeling products
 - Taxation System
 - 1) Ensure transparency and a common international understanding on transfer price taxation
 - 2) Reduce the corporate tax rate

- (2) Intellectual property rights and the issue of counterfeit goods
 - Promote a harmonized international patent system
 - Establish international rules for the comprehensive and effective protection of intellectual property rights that place central importance on preventing the spread of counterfeit and pirated goods
 - Cooperate in achieving a system in Asia and elsewhere that assures increased protection from infringement, and that extends the term of copyright protection, while achieving a balance between respecting the right to fair use and convenience at the same time as assuring content protection.

- (3) Promote harmonization of accounting standards
 - ASBJ, FASB and IASB are cooperating in seeking convergence that will establish accounting standards for Japan, Europe and the US; moreover, Japan

and the EU are cooperating in seeking heightened international competitiveness for their capital markets, with the proactive participation of the Japanese and EU authorities responsible for regulating the securities industry.

- With consideration for the needs of market participants, reconsider elimination of standards on net income

(4) Towards realization of an advanced ICT society, cultivate the telecommunications industry and promote the diffusion of IT products

- Support early deployment of next generation networks by promoting wide ranging collaboration in R&D (standardization; remote medicinal care; promote benefits of practical telework; promote cross-industry collaboration in environmental matters, etc.).
- Measures taken to realize the social benefits resulting from practical application of ICT solutions (security, content protection, IPR protection, etc.)
- Appropriate measures for market access for high grade, multifunctional IT products

(5) Life Sciences and High Technology

- Establish “National LS&BT Understanding Promotion Plans” and implement concrete measures for them
- Promote EU Japan cooperation in technology fields of bio-mass based and bio-fuel products

(6) Sustainable Development

- Promote the practical advantages of energy efficiency
- Reduce reliance on fossil fuels (dissemination of current technology and the development of innovative technologies)
- Introduce environmental and energy conservation technologies to developing countries