



## EUJBDRT WPA

### Joint and Europe-side recommendations for Multilateral and Bilateral Trade & Investment, and Regulatory Cooperation

July 6-7, 2009

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Chairmen, Ladies and Gentlemen,

I trust you have already had an opportunity to read our recommendations on how to boost multilateral and bilateral trade and investment, and how to increase regulatory cooperation between the European Union and Japan. So I would like simply to remind you of the key points and seek your approval for their inclusion in the final recommendations of this Round Table.

Let me start with the issues of common concern to both the European and Japanese sides of our Working Party, where we are recommending action from both the EU and Japan.

#### **1. Recommendation: Form a common economic institutional environment**

Our first point builds on the joint recommendation we presented to the Business Round Table last year, calling for a wide-ranging bilateral agreement that would strengthen cooperation and promote trade and investment between Europe and Japan. At their Summit in May this year, the EU and Japanese Authorities themselves issued a joint statement calling for “*strengthening the integration of their economies, with a view to better exploiting the full potential of their economic relationship*”.

We were delighted to hear this. What we need now is effective confidence building to go to the next step, putting focus on a few specific non-tariff issues which are expected to bring concrete outcomes, in a mutually beneficial way and in a short period. The Working Party believes that discussions should be initiated and pursued through respective administrations from the highest political level to ensure that the political will is translated into concrete, measurable improvements in the business and trade environment.

#### **2. Recommendation: Support the WTO Doha Development Agenda in the fight against protectionism**

Our second recommendation responds to the current global economic crisis and the resulting protectionist measures introduced in some countries. These measures undermine company plans to invest, they damage global trade, they stifle competition, and they are against consumer interests. We urge the EU and Japan to resist such measures and instead uphold the commitments made at the London G20 meeting, to prevent both the closing of world markets and the introduction of new restrictions on investment, market access and mobility for workers. We recommend that the European and Japanese Authorities:

- a. Lend strong support to the role of the WTO in the fight against protectionism;
- b. Encourage and support an early re-start to the WTO Doha Round negotiations based on the current modalities; and
- c. Ensure that the final Doha agreement delivers much needed-tariff liberalization and trade facilitation including:
  - o ambitious new market access in the area of industrial goods, including sector-specific tariff elimination or reduction agreements among key willing sectors which must include participation of emerging countries;
  - o ambitious new market access for agriculture products, with reductions or the elimination of trade distorting subsidies;



- dismantling of non-tariff barriers (or so-called NTBs) and creation of a new horizontal NTB mechanism;
- vastly improved market access in the services area;
- and more stringent WTO rules on trade facilitation, anti-dumping and subsidies.

Time does not allow me to go into more detail but this can be found in the papers in front of you.

### **3. Recommendation: Apply international standards and enhance co-operation in the promotion of new global standards**

Our third recommendation underlines that this Working Party is strongly in favour of creating a common platform for doing business in the EU and Japan.

To this end, we urge the Authorities:

1. To adopt international product standards, where these exist and, where they don't, to mutually recognise products certified under similar and equivalent product standards, in sectors such as Medical Devices, Construction Materials and Organic Products.
2. To take the lead in promoting global patent harmonisation and a more streamlined patent system, as a way to promote innovation, reduce costs and boost legal certainty.
3. To increase efforts to prevent global counterfeiting and piracy, and cooperate closely to establish a new, common, international legal framework for IPR enforcement.
4. To harmonise regulations for energy conservation and relevant labeling rules, and
5. To ensure that the status of Authorised Economic Operators in Japan is recognised without additional formalities in the EU, and vice versa.

### **4. Recommendation: Support timely development of business**

Our fourth recommendation reflects the fact that, both in the EU and Japan, companies still find their efforts to develop and evolve are frustrated by unnecessary regulation and bureaucracy. The potential damage this does to growth and jobs is something no country can afford, especially in times like these. So we specifically recommend the authorities in the EU and Japan take action to support the timely development of business, through:

- Eliminating duplicate social security contributions for expatriate workers;
- Ensuring smoother and swifter movement of intra-corporate transferees;
- Ensuring that national systems for the protection of personal data enable businesses to adopt protection systems at the level of the corporate group, allowing data to flow freely across national borders so long as it remains within the group;
- And finally, on the issue of taxation, establishing a joint forum with the objective of reducing compliance costs such as documentation, and facilitating the conclusion of bilateral and multilateral APAs between the EU Member States and Japan.

Chairmen, Ladies and Gentlemen, that brings me to the end of the joint recommendations from our Working Party, so I would like now to turn to the recommendations made specifically by the European side.

### **5. Recommendation: Recognise and apply international standards**

You will recall that the importance of international standards has already been underlined in the joint recommendations of the Working Party.

The European side calls on the Government of Japan in particular:

- To approve the remaining food additives on the list submitted by the Ministry of Health, Labour and Welfare back in December 2002, which it described at the time as “unauthorised food additives whose safety is globally confirmed and are widely used outside Japan.”
- To work with the EU Authorities towards mutual recognition of all Japanese and EU standards for building materials.
- To work with the EU Authorities to achieve mutual recognition of Organic Food Products labeling.
- To clarify guidelines for labeling household products, so that retailers have flexible alternatives enabling them to offer Japanese consumers globally sourced products, while still taking full responsibility for quality and safety.
- To establish a mechanism enabling swift acceptance of ingredients in cosmetics, where these are widely used or have been recently recognised in Europe and the U.S.
- And lastly, to intensify work to simplify and harmonise regulatory processes in the field of Medical Devices with those of the EU.

As ever, I do not have time now to go into detail but this is provided in your papers.

## **6. Recommendation: Improve regulatory transparency and accountability**

Our Working Party remains concerned about levels of transparency and consistency across all areas of regulation in Japan. We urge the Government to ensure that:

1. All Ministry-proposed laws, regulations, guidelines and agency recommendations are made available for public comment, by enforcing and monitoring compliance with existing public comment requirements.
2. Complete draft laws are made available for public comment before bills are submitted to the Diet for deliberation.
3. A 30-day waiting period is implemented between the expiration of the public comment period and the submission or release of the final text, so that officials have time to consider the comments received.

## **7. Recommendation: Create a more efficient product approval process in the human and animal health sectors**

Our next recommendation calls on the Government of Japan to reduce the time and costs associated with introducing innovative new treatments to its healthcare markets, by creating more efficient product approval processes. This could be achieved by:

1. Shortening the medical equipment certification process, which means accepting clinical trial data generated overseas and harmonising national Good Clinical Practice and Quality Management System requirements with international standards.
2. Increasing the number and quality of staff working on consultation and approval review in the Pharmaceutical and Medical Devices Agency.
3. Improving the product approval process for animal health products by adhering to the standard administrative review period of one year.



## **8. Recommendation: Ensure free and open competition in services**

We next turn to services markets and the lack of free and open competition in Japan at this time. We recommend that the Government should:

1. Remove obstacles to integrating the operations of financial groups.
2. Implement the privatisation of Japan Post so as to ensure a level playing field.
3. Exempt securities issued by major foreign governments and government agencies, as well as securities listed in the exchanges of European markets that have appropriate disclosure requirements, when implementing the proposed revision of disclosure rules within the Financial Instrument Exchange Law.

## **9. Recommendation: Promoting foreign direct investment**

Moving on, you may recall that issues frustrating foreign direct investment in Japan have long been a concern for European business, not least because this holds back the development of competitive companies as well as economic growth. So we urge the Government of Japan to

- a. Allow tax deferrals for capital gains stemming from direct cross-border mergers and re-organisations, and
- b. Ensure that rules of fundamental importance to foreign companies are not altered without prior notice and consultation.

## **10. Recommendation: Promote EU-Japan cooperation in aerospace and defence industry**

Our final recommendation concerns the aerospace and defence industries. We believe it is high time for the Government of Japan to promote fair competition by providing similar support to cooperation programmes between Japanese and European manufacturing companies as already exists between the Japanese and their U.S. counterparts

**Specifically, we recommend the Government to:**

- Support joint development of new products with European aerospace and defence companies, and
- Set a positive example to the private sector of the advantages of sourcing from more than one aircraft manufacturer, by buying large aircraft for official government use from an alternative supplier.

## **Conclusion**

Chairmen, Ladies and Gentlemen, this has been a necessarily quick overview of the recommendations from our Working Party. I do ask that you refer to the papers in front of you for more detail, and again seek your support for the inclusion of these important recommendations in the final outcome of this meeting.

Thank you for listening.