

**EU-JAPAN COOPERATION:
CATALYST FOR A STRONG RECOVERY**

JBCE ANNUAL REPORT 2020

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Chris Jackson
President of JBCE

Foreword

As the Japan Business Council in Europe (JBCE) celebrated its 20th anniversary last year, I wanted to take the opportunity of our Annual Report to underline the diversity and success of our members, who continue to play a key role in creating a dynamic and prosperous European economy. Throughout the years, JBCE has worked in creating favourable economic conditions for all Japanese companies within Europe. In this 21st year, our organisation is committed, more than ever, to being a bridge-maker between the European Union (EU) and Japan, to encourage and enable more dialogue and greater bilateral cooperation to usher in increased mutual economic and social prosperity. In times of geopolitical uncertainties related to global warming, trade disputes or the consequences of the COVID-19 crisis, the EU-Japan cooperation provides laudable stability, thanks to shared values and a commitment to a multilateral, open rules-based system.

Like the rest of the world, Europe and Japan now have to recover from an unprecedented global health crisis and minimise its economic and financial consequences to the best of their ability. In addition, Brexit – which has added to the economic uncertainty – and the increase in individual national responses, are threatening the international co-operation necessary to overcome these challenges. Before the end of 2020, the United Kingdom will seek to forge a new economic relationship with the EU. The future will be framed by this new agreement as well as the existing EU-Japan European Partnership Agreement and UK-Japan agreement. Against this background, JBCE has and will continue to play its role in providing relevant information, expertise and suggestions to EU and UK negotiators.

When reminiscing about our establishment, one recalls that JBCE was founded to focus on environmental concerns in Europe. It is therefore unsurprising that twenty years later, sustainable and environmental concerns and support for the EU's Green Transition, are at the forefront of JBCE's priorities. In this regard, JBCE member companies will continue to contribute to emission reductions, the 2050 carbon-neutral targets, the establishment of a circular economy, and sustainable chemicals management through the provision of cutting-edge technologies. JBCE is also contributing to EU policies and legislation to effectively conduct and streamline sustainable finance, non-financial reporting and supply chain due diligence, within business operations and corporate policies.

The EU's COVID-19 recovery plan also aims to fulfil the fundamental Digital Transformation to achieve sustainable competitiveness and resilience. JBCE is strongly promoting free international data flows that are safe, secure, and respectful of privacy. Data availability, quality, use, and transfer, as well as the creation of data spaces, are fundamental to achieving the digitisation of businesses and industry, as well as society as a whole. Moreover, the development and application of emerging technologies in areas such as Artificial Intelligence, Internet of Things, or 5G are paramount to the sustainability and competitiveness of European businesses and industry, while providing solutions for many of society's challenges.

A stronger, resilient EU is essential to the world's economy. In our view, the EU's objective of 'open strategic autonomy' needs to strike the right balance between a Union that is open to trade and a Union that protects its people and businesses. JBCE member companies are not only stakeholders, but partners who are committed to positively contribute to the creation of a strong, sustainable and competitive Europe. They do this through their technologies, solutions and products, as well as their production and R&D facilities in Europe.

Overall, it is clear that the JBCE has much to offer and to contribute on, especially in these economically uncertain times when countries might be tempted to first look inwards, rather than creating the positive partnerships that are needed.

Chris Jackson
President of JBCE

Overview

WHO WE ARE

Founded in 1999, the Japan Business Council in Europe (JBCE) is a leading European organisation representing the interests of nearly 90 multinational companies of Japanese parentage active in Europe.

Our members operate across a wide range of sectors, including information and communication technology, electronics, chemicals, automotive, machinery, wholesale trade, precision instruments, pharmaceutical, steel, textiles and glass products.

Building a new era of cooperation between the European Union (EU) and Japan is the core of our activities, which we perform under several committees focusing on: Corporate Policy, Corporate Social Responsibility, Digital Innovation, Environment & Energy, Standards and Conformity, and Trade.

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

THE EUROPEAN UNION AND JAPAN (2019)

EU-JAPAN TRADE RELATIONS (2019)

EU-28 EXPORTS TO JAPAN

€ 68.5 BILLION

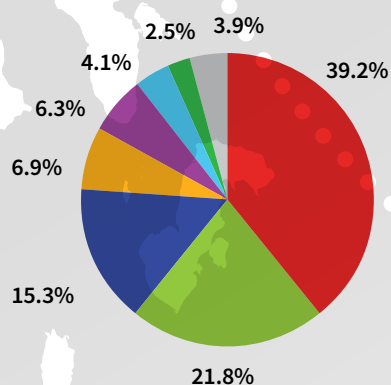
(3.4 % of total EU-28 exports)

EU-28 IMPORTS FROM JAPAN

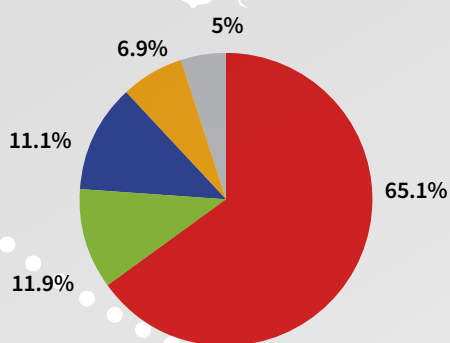
€ 73.8 BILLION

(3.6 % of total EU-28 imports)

EU-28 EXPORTS TO JAPAN PER SECTOR IN %



EU-28 IMPORTS FROM JAPAN PER SECTOR IN %



- Machinery & Transport equipment
- Chemicals & related products
- Misc. Manufactured Products
- Manufactured goods classified chiefly by material
- Food and live animals
- Beverages & Tobacco
- Crude Materials, inedible, except fuels
- Others

EU = JAPAN'S 3RD TRADE PARTNER

JAPAN = EU'S 7TH TRADE PARTNER

JAPAN'S INVESTMENT IN EU (2019)

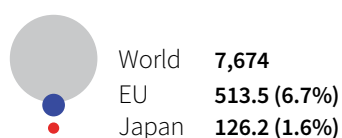
EMPLOYEES OF JAPANESE OVERSEAS
AFFILIATES IN THE EU

596,432

EU INWARD FDI STOCK
FROM JP

€ 295.3 BILLION

POPULATION (MILLIONS)



SHARE OF WORLD GDP



GREEN TRANSITION

“JBCE members are working together towards a green and circular economy that delivers”

On 16 July 2019, President Ursula von der Leyen shared her ambition to make Europe the first climate-neutral continent in the world by 2050. Following that, the Commission published the **“European Green Deal”** on 11 December 2019, which set out the EU’s ambitions in terms of climate policy:

The **European Climate Law** set **the 2050 climate-neutrality objective as legally binding**. The proposal was published in March 2020, and its adoption is expected in the coming months. It foresees adjustments to the climate trajectory every 5 years.

New 2030 climate targets for the EU detailing the pathway to increase the 2030 greenhouse gas emissions reduction target from 40% to at least 55% (compared to 1990 levels).

The new 2030 objectives will be followed by concrete legislative measures and targets. These notably include **the revision intended for June 2021 of all climate-related sectorial legislation** (EU-ETS, Energy Efficiency, Renewable Energy, Effort Sharing, road transport, construction etc.).

Reaching the Green Deal’s objectives will require action from all sectors of the economy: investing in environmentally-friendly technologies and design (**Eco-design**) to create fully **Circular Economies**, decarbonising the energy sector, working to improve global environmental standards and incentivising financial and corporate activities towards more sustainable long-term behaviour.

In addition, the EU is developing a strategy to reduce the risks associated with producing and using chemicals, as part of the European Green Deal framework, related to **REACH** and **RoHS**.

CIRCULAR ECONOMY AND ECO-DESIGN

Background

In March 2020, the Commission set out legislative initiatives in its **Circular Economy Action Plan**, which foresees for the end of 2021 a **Circular Electronics Initiative and a Sustainable Product Policy**, which will revise the eco-design and energy labelling framework between 2020 and 2024. These measures will define mandatory recycled content, the restriction of hazardous substances, and may ban certain single-use products. Moreover, essential requirements for **packaging** will be reinforced by the **Packaging and Packaging Waste Directive in 2021** to drive reusable/recyclable designs and to reduce over-packaging. Following the Single-Use **Plastics** Directive in 2019, the Commission wants to take initiatives on unintentionally released micro plastics (tyres, textiles, pellets loss), and set a clear framework for bio-based plastic and biodegradable plastic.

JBCE Message

JBCE supports the EU's ambition to assess environmental benefits at the design stage based on scientific evidence, underlining the need to balance the requirements of energy, resource efficiency, and the safety and performance of products. At the same time, it is essential to avoid overlaps or contradictions between several pieces of legislation that limit circular business models.

Recommendations for Policymakers

- **Eco-design:** Eco-design is not the right instrument to address hazardous substances in Electrical and Electronic Equipment (EEE); specific chemicals should be restricted for use in EEE through RoHS. Moreover, the Least Life Cycle Cost (LLCC) principle defined in the Methodology for Eco-design of Energy-using Products (MEErP) should be maintained when setting the Minimum Energy/Efficiency Performance Standards (MEPS).
- **F-Gases:** The regulation on F-Gases has proven to be a very effective way to contribute to the reduction of GHG emissions in Europe, and thus the status quo should be maintained. The availability of cost-effective, safe, technically feasible, energy-efficient and reliable alternatives should be considered in any process of restricting access to refrigerants.
- **Packaging:** Multi-layer packaging consisting of over 80% of the same polymer type can be mechanically recycled today. For many other multi-layers, including multi-material multi-layers, advanced recycling technologies are or will be available in the near future. Some multi-material multi-layers will have to be re-designed whilst providing sufficient protection of the packed goods (food). Guidelines developed by industry associations can support such re-design projects.
- **Plastic:** where a full life-cycle assessment shows an advantage of the use of plastic over other materials, plastic products should be designed in a way that supports the most sustainable end-of-life strategy (repair, re-use, refurbishment, recycling).
- **SVHC in plastic:** Substances of Very High Concern (SVHC) in plastics should be substituted by less hazardous alternatives. Derogations for recycled materials containing substances of concern could be provided within reasonable limits in order to maximise the uptake of recycled materials, as long as the risk of exposure is acceptable. Chemical recycling should be considered for those plastic products containing SVHCs for technical or safety reasons that cannot be substituted.

JBCE's recent activities

- Published joint comments with JRAIA (Japan Refrigeration and Air-conditioning Industry Association) on DG ENER Lot 1&2 in January 2020.
- Signed a joint position paper on 'Measured and Declared Values' in February 2020 with EPEE (European Partnership for Energy and Environment).
- Published comments on the '2019 Omnibus Amendment for Eco-design and Energy Labelling Regulation' in July 2020.
- Issued joint comments with JRAIA on DG ENER Lot 10 in August 2020.

Timeline

- **March 2020**
Circular Economy Action Plan
- **September 2020**
Inception Impact Assessment Sustainable Products Policy
- **November 2020**
Publication of Batteries Regulation proposal
- **December 2020**
Publication of final study for 2020-2024 ecodesign working plan
- **Q2 2021**
Proposal on packaging essential requirements
- **Q4 2021**
Proposal of Directive on Sustainable Products Policy

REACH AND SCIP DATABASE

Background

The framework of chemical management in the EU set by the **REACH Regulation** (Registration, Evaluation, Authorisation and Restriction of Chemicals) has far-reaching impacts on global supply chains. Over the past year, the most high-profile developments under REACH were two restrictions:

The **Micro Plastics (MP) restriction proposal** is currently being finalised by ECHA. It would restrict intentionally-added MP in a broad range of sectors (e.g. cosmetics, fertilisers, detergents and artificial turf). Consultations were organised on the restriction proposal and draft opinions of ECHA's bodies RAC and SEAC.

The catch-all restriction of the Perfluoroalkyl chemicals (PFAS) family is still at an early preparation stage. An **Action Plan on PFAS** was announced under the Chemical Strategy for Sustainability.

Following the evaluation of REACH and other chemical legislation between 2016 and 2019, the **Chemical Strategy for Sustainability**, published in October 2020, provides legislative initiatives on: sustainability criteria for chemicals and materials, the registration of certain polymers under REACH, tracking hazardous substances throughout their lifecycle, mainstreaming the grouping approach, and re-attributing technical work to ECHA. This will significantly impact REACH but also the Classification, Labelling and Packaging (CLP) Regulation, other sectorial legislation (including RoHS), and initiatives under the Circular Economy Action Plan such as the sustainable products framework.

ECHA also gained new competences under the **Waste Framework Directive** to develop and maintain a **database of Substances of Concern in Products** put on the EU market, the so-called "**SCIP Database**". The obligation for stakeholders to register on the SCIP Database will enter into force on 5 January 2021.

JBCE Message

JBCE believes that the protection of human health and the environment is successfully achieved by REACH, which should continue to be established on a solid science- and fact-based approach. The importance of availability of analytical methods should be underlined, which are essential for the enforcement of chemical legislation.

Recommendations for Policymakers

- **SCIP Database:** ECHA should not go beyond the requirements in Article 33 of REACH. The user interface should be as simple as possible to facilitate the upload of data. A transition period is needed beyond 5 January 2021 to allow sufficient time for suppliers of articles to register their data onto the Database.
- **MP restriction – scope:** necessity for clarity on the scope of the restriction and of the exclusion, including the production of plastic pellets, powder or uses in paints.
- **PFAS restriction – grouping:** grouping is an over-simplified approach compared to a science-based hazard and risk assessment approach. Substances of PFAS family have almost no unifying shared properties: toxicity, solubility, chemical state, reactivity, volatility etc.

JBCE's recent activities

- Published a **position paper on the proposed restriction of intentionally-added Micro Plastics in the framework of ECHA's public consultation**, in September 2019.
- Released a **position paper on the proposed restriction of PFHxA, its salts and related substances in the framework of ECHA's public consultation**, in May 2020.
- Issued a **position paper on the proposed restriction of PFAS on 30 July 2020 in the framework of the call for evidence by Netherlands, Germany, Denmark, Sweden and Norway**.
- Published a position paper on the draft opinion of SEAC on the proposed restriction of intentionally-added Micro Plastics in the framework of ECHA's consultation, in September 2020.

Timeline

- **July - Sept 2020**
Consultation SEAC
draft opinion
MP restriction
- **Oct 2020**
Chemical Strategy
for Sustainability
- **Dec 2020**
SEAC final opinion
MP restriction
- **5 Jan 2021**
SCIP Database
obligation enters
into force
- **Q1 2021**
Expected ECHA
notification
PFAS restriction
intention

RoHS REVIEW

Background

The Commission is currently **reviewing the RoHS Directive (2011/65/EU) restricting the use of certain hazardous substances in electrical and electronic equipment**, with a legislative proposal expected in **July 2021**. Showing its awareness of possible regulatory overlaps, the Commission also plans to adopt in 2021 a **guidance to improve the coherence of the RoHS** with relevant legislation including REACH and Eco-design.

In parallel, the Commission is also finalising the **possibility of restricting seven additional substances under the scope of RoHS ("Pack 15" studies)**. Those substances could be restricted by separate delegated acts in Q4 2020 or could be included in the RoHS review in July 2021. There is also a **study on the RoHS substance restriction methodology, setting the criteria for substance identification and prioritisation** which would be reflected in the RoHS review above.

JBCE Message

JBCE supports the RoHS Directive which aims to contribute to the protection of human health and the environment. The RoHS Directive should also protect innovation, a concept encapsulating more than the identification of substitutions. The use of existing chemical legislation should be maximised, avoiding overlaps or contradictions, to allow industry and relevant authorities to apply existing knowledge, expertise, processes and resources.

Recommendations for Policymakers

- **Sector-specific specificities:** The specificities of certain categories (Cat.8 and 9) should be translated into differentiated treatments i.e. longer maximum validity periods for exemptions, and longer grace periods when new substances are introduced and an exemption is not renewed.
- **RoHS effect on innovation:** The RoHS Directive contributes to innovation by driving the substitution of hazardous substances. However, reducing hazards is only one part of the necessary innovation. Through innovation, electrical and electronic equipment contribute to the environmental sustainability and the safety of society, for example providing a high level of medical care, safety and environmental protection, and energy efficiency.
- **EEE-specific Risk and Social-Economic Assessments:** On the risk and socio-economic assessments, ECHA covers assessments for restrictions, evaluations, authorisations and occupational exposure. This existing sector-based, specific assessment should be maintained.

JBCE's recent activities

- Released a **position paper on the RoHS general review** in April 2019.
- **Responded to the public consultation on RoHS Pack 15 studies** in November 2019.
- Issued a **position paper on the RoHS Pack 15 studies in the framework of the final stakeholder meeting organised by the Commission's consultants**, in May 2020.

Timeline

- **March-April 2020**
Stakeholder workshops on RoHS evaluation + Pack 15
- **Sept 2020**
RoHS evaluation report + Pack 15 studies
- **Autumn 2020**
Assessment of policy options for RoHS
- **July 2021**
Commission proposal for RoHS 3
- **End 2022 / Q1 2023**
Publication & adoption of RoHS 3

SUSTAINABLE FINANCE

Background

The transition to a zero-carbon economy, underpinned by the Paris agreement and UN 2030 Agenda, and the important associated investments, reinforced the necessity for governments to mobilise private capital towards green assets, leading the Commission to present in 2018 a **Sustainable Finance Action Plan**. The negotiated agreement, including the **Taxonomy Regulation** in late December 2019, cemented the role that Sustainable Finance will play in the EU's green transition. Following the Taxonomy regulation, the Commission further **strengthened the Sustainable Finance agenda through the European Green deal**, as part of which a Renewed Sustainable Finance Strategy, expected in Q1 2021, was announced. The COVID-19 EU **recovery plan highlighted the role the EU Taxonomy** will play in future policies and its intention to ensure that future public investment and legislation are directed towards green growth.

JBCE Message

JBCE is **supportive of the overall objectives of sustainable finance as proposed by the European Commission**. Moreover, JBCE believes **that an open and international** collaboration should be ensured to facilitate a high uptake and a global shift towards sustainable finance.

Recommendations for Policymakers

- **Open governance:** promote a **transparent and open approach** to the governance of the Taxonomy which will help create objective and substantive market-accepted thresholds, and hence determine the relevance and long-term usability of the classification.
- **Global Perspective:** mainstream sustainable finance internationally by developing a global approach and **aligning EU rules with international initiatives**, including existing fora such as the G20 and G7. This will also enable the exchange of diverse best practices, ensure that the classification does not undermine European competitiveness and lead to a **taxonomy increasingly usable across borders and throughout the value chain**.
- **Long Term Usage:** recognise that the **Taxonomy is not the only and perfect tool to measure sustainability**; Understand that sustainability comes in many different forms, including for example resilience, energy security, safety, and that the emphasis should be put on the continuous improvement.
- **Focus on fostering growth and innovation:** maintain a positive and inclusive mindset to encourage companies to transition and achieve climate neutrality. Avoid the implementation of a "Brown Taxonomy", which would **create a punitive and restrictive Taxonomy**.

JBCE's recent activities

- Issued **position papers on the EU Taxonomy** in October 2019.
- Organised an exchange of views with the Sustainable Finance TEG rapporteur in March 2020.
- Responded to **the roadmap on the delegated act for the EU Taxonomy** in April 2020 and the **Renewed Sustainable Finance Strategy public consultation** in July 2020.
- Issued **joint comments with DIGITALEUROPE on taxonomy** related disclosure in September 2020.

Timeline

- **December 2020**
Delegated Act on Climate change mitigation and adaptation
- **Q2 2021**
Delegated Act on Corporate Disclosures
- **Q4 2021**
Delegated Act on Environmental objectives

NON-FINANCIAL REPORTING

Background

In December 2019, in the European Green Deal, the Commission decided on a review of **the non-financial reporting directive** which entered into force in December 2014. This was motivated by multiple factors: firstly, the necessity to align non-financial reporting to other sustainability obligations, e.g. the EU Taxonomy. Secondly, the inadequacy of information currently published, e.g. lack of comparability/reliability/relevance. **The revision of this directive, expected in Q1 2021, will put additional pressure for stringent information requirements on companies.** At the same time, the European Financial Reporting Advisory Group has been asked by the Commission to develop EU non-financial reporting standards. This rapid succession of measures further increases the need to ensure **a coherent and appropriate approach for business.**

JBCE Message

JBCE believes the Commission should **develop a thorough impact assessment if it decides on an enlarged NFRD scope**, and secondly, **maintain a principle-based approach** to non-financial reporting: autonomy on materiality decision-making and give flexibility to provide qualitative information as this is the best way for the NFR to be meaningful both for companies and readers without becoming a tick box exercise.

Recommendations for Policymakers

- **Undertake a thorough impact assessment:** carefully assess, in the case of an enlargement of the scope of the NFRD, costs and benefits for all stakeholders (financial companies and non-financial companies), including **covering other legislation** linked to the NFRD in the assessment, such as the Taxonomy Regulation.
- **Focus on implementation:** prioritise improving the current implementation of non-financial reporting, through additional guidelines and sharing best practices on non-financial reporting.
- **Autonomous decision-making on materiality:** support **a principle-based approach** as it is the only viable way for companies to meaningfully explain their business in a dynamic and changing environment. It is also important to recognise that not all non-financial information is quantitative and self-explanatory; focusing too much on comparability will undermine stakeholders' understanding of the real value of non-financial information.
- **Global perspective:** promote **a global perspective within future corporate disclosure legislation.** This will enable companies to **streamline reporting processes** across their **whole supply chain.**
- **Assurance:** audit non-financial companies by third parties **to assure the existence** of the non-financial information or **appropriateness** of the **process** taken to identify materiality, but not the information itself.

JBCE's recent activities

- Participated to the Non-Financial Reporting Directive public consultation in June 2020.
- Issued a **joint position paper** with DIGITALEUROPE in June 2020.

Timeline

- **October 2020**
1st EFRAG report on EU non-financial reporting Standards
- **January 2021**
Publication of EFRAG's recommended EU non-financial reporting standards
- **Q1 2021**
Commission Proposal on a revised NFRD
- **June 2022**
Publication by the Commission of the first EU non-financial reporting standards

CORPORATE DUE DILIGENCE

Background

Both responsible business conduct and corporate social responsibility have continued to rise in importance in 2019 and 2020 for EU policymakers and the EU's partner countries and businesses. Following the action 10 of the Sustainable Finance action plan, the Commission announced in April 2020 that it will present a **legislative proposal on mandatory due diligence** and sustainable corporate governance, **expected in Q2 2021**. At the same time, the European Parliament Legal Affairs committee has drafted two reports on corporate due diligence and accountability as well as sustainable corporate governance to give clear recommendations and guidance to the Commission.

JBCE Message

Ever aware of its unique position, JBCE can play a **cardinal role** in integrating CSR/RBC discussions in policymaking in both EU and Japan and therefore serve **as a catalyst to drive international policy cooperation** on human rights and environment for responsible business. JBCE supports **a global and meaningful due diligence framework, based and recognised on international frameworks** (UNGP, OECD...etc). **The Commission's upcoming proposal should also make sure that due diligence remains a risk management and not just a compliance tool.**

Recommendations for policymakers

- **International Due Diligence Framework:** emphasise the importance of an internationally recognised due diligence framework as a **level playing field and policy coherence is necessary globally**.
- **EU Leadership:** push for the EU to take on a **leadership role**, together with like-minded countries, on improving the situation in global supply chains, such as closing the governance and enforcement gap and addressing root causes such as poverty and corruption. Indeed, companies cannot solve all global human rights issues and ensure sustainable supply chains. In that regard, **JBCE considers that the 'duty to protect' of the state is greater than simply demanding that companies implement due diligence.**
- **Align New legislation:** upcoming due diligence legislation should be aligned with existing rules to avoid divergences or overlap, including for example those that relate to conflict minerals, deforestation, and reporting obligations.
- **Nurture and support a European culture of sustainability:** develop a responsible business culture in which companies are encouraged to nurture sustainable supply chains. This includes providing training, education, dialogue and guidance for all stakeholders to understand what it means to conduct effective due diligence, enabling them to share best practices and undergo collaborative actions with other stakeholders.

JBCE's recent activities

- Participated to the 4th EU-Japan CSR Business Dialogue as well as the EU-Japan CSR Working Group in November 2019.
- Organised an exchange of views with DG JUST in December 2019.
- Participated in the Renewed Sustainable Finance Strategy public consultation in July 2020 and issued the position paper on corporate due diligence in the context of sustainable corporate governance in October 2020.

Timeline

- **February 2020**
Due diligence duty report published by European Commission
- **October 2020**
Launch the public consultation on sustainable corporate governance
- **December 2020**
Vote in the Parliament on the JURI reports, Sustainable Corporate Governance and Due Diligence
- **Q2 2021**
Legislative proposal by the Commission

SAFETY AND RELIABILITY

Background

The Commission is currently updating its 2016 “**Blue Guide**”, with a consultation between November 2019 and January 2020, and at the same time evaluating the existing product safety legislation (e.g. **GPSD, RED, EMCD...**) in order to assess its fitness in view of emerging market realities such as IoT products, AI, etc. This may lead to revisions (i.e. **Machinery Directive, EMCD...**) or fine-tuning through implementation, i.e. the **RED** where a delegated act on **cybersecurity issues** is planned for 2021. The question of cybersecurity regulation is raised at the EU (through the RED delegated act, the Cybersecurity act...) and at the national levels (UK, Germany...). In this context, JBCE has raised topics such as the Cybersecurity and AI Certification Frameworks and IoT under the German Presidency. In addition, the **Medical Devices Regulation** will replace as from May 2021 the Medical Device Directive - the deadline was planned in May 2020 but was postponed due to COVID-19. It includes in its scope the safety, performance and reliability of medical robots. Furthermore, **the end of the Brexit transition period** on 31st December 2020 will have a vast impact on the capacity of industries to access the UK market due to new national rules requiring changes in the design of the products and in the documentation (UKCA marking, UK importer ID, designated standards and approved bodies...).

JBCE Message

JBCE emphasises the importance of ensuring alignment and coherence in the transversal market surveillance framework and between sectorial NLF legislation. The principle of presumption of conformity based on harmonised standards aligned with international standards is a key factor for facilitating the trade of products. In this context, ensuring regulatory cooperation between the EU and Japan regarding the harmonisation of regulations and standards is a priority for JBCE.

Recommendations for Policymakers

- **Blue Guide update:** JBCE defends additional clarification on the size and location of the CE marking, the phrasing of traceability provisions and the definition of ‘*placing on the market*’. The language of safety instructions should be more flexible, mainly for non-consumer sales Channels.
- **EMC Directive evaluation:** apart from adaptations such as the frequency of publication of standards in the OJEU, JBCE believes the EMCD is functioning well and should not be revised.
- **Radio Equipment Directive (RED) implementation:** a voluntary or self-regulatory approach would be viable and effective. The cybersecurity delegated act should be limited in scope and set baseline security requirements only, until the horizontal NLF legislation can address the issue comprehensively.
- **Machinery Directive (MD):** there are overlaps with the LVD creating legal uncertainty.
- **Brexit:** manufacturers should be given a sufficient grace period to implement necessary design changes, and continuously place the CE mark-compliant products on the UK Market.

JBCE’s recent activities

- JBCE preliminary comments for the update of the Blue Guide in January 2020.
- JBCE comments for the Roadmap for the evaluation of the EMCD in February 2020.
- Participation in the consultation on Reconfigurable Radio Systems (RRS) in May 2020.
- JBCE&JEITA common position paper on the LVD standard transition period in August 2020.
- Study session on UK market and on new consumer agenda (GPSD) in September 2020.
- JBCE input to stakeholder consultations EMCD and Blue Guide in October 2020.

Timeline

- **Q4 2020**
Publication of updated Blue Guide
- **Q1 2021**
Entry into force of Medical Device Regulation
- **May 2021**
Revision Machinery Directive
- **Q2 2021**
Evaluation report of the EMCD

DIGITAL TRANSFORMING

*“JBCE members
are at the forefront
of the digital
transformation”*

In 2020, digital policies surged to the fore of the EU’s legislative agenda. This is part of President Von der Leyen’s long-term ambition to deliver “**a Europe fit for the digital age**”, demonstrated via a new vision on regulating **Artificial Intelligence (AI)**, creating **nine pan-European data spaces** and a **Digital Services Act** to remodel Europe’s online economy. This can also be seen as a way to accelerate **Europe’s recovery** from the effects of the COVID-19 pandemic, with new investments into connectivity infrastructure, high-performance computing, and the deployment of 5G (and eventually 6G) networks.

JBCE’s Digital Innovation Committee (‘DI Committee’) has actively engaged throughout this period with EU policymakers. JBCE has focused on reacting to the European Commission’s new **Data Strategy** and **Artificial Intelligence White Paper**, released in February 2020, and the DI Committee has pursued its activities on **cybersecurity** and **privacy**, building on its work in 2019 around the Cybersecurity Act, the **General Data Protection Regulation (GDPR)** and ongoing discussion on privacy and data protection.

DATA STRATEGY (DATA UTILISATION, DATA SHARING, INTERNATIONAL DATA FLOWS, DATA ACT)

Background

The core proposals in the Commission's **European Strategy for Data** released in February 2020 can be divided into two categories: initiatives to improve data access and sharing, and initiatives to develop Europe's infrastructure for cloud providers. On data, the Commission's most important announcement is a plan to create a cross-sectoral governance framework for the nine data spaces foreseen in the data strategy.¹ As a result, the governance framework for data spaces would be released in November 2020. This initiative provides the framework capable of supporting decisions on how and in which situations organisations and governments can share data, facilitate cross-border data use, and determine how to prioritise interoperability requirements and standards within and across sectors. Additional actions on data foreseen by the Commission's strategy are an implementing act on high-value datasets (due in Q1 2021), and a Data Act to facilitate B2B and B2G data sharing (2021).

JBCE Message

JBCE is optimistic about the future prospects of the EU's data economy and welcomed the European Strategy for Data as a step in the right direction. JBCE signalled its readiness to work closely with the Commission to now develop **clear, concise, and feasible requirements** for companies on the three key areas: **data governance, identification of high-value datasets recommendation, and self-regulatory context of cloud computing.**

Recommendations for Policymakers

- **Data governance:** JBCE approves the **Commission's support for international, cross-border data flows**, both within the EU and with international partners through the principle "Data Free Flow with Trust" (DFFT) and agreed that Japan and the EU should continue to promote data flows within the framework of G20 and WTO e-Commerce discussions. JBCE also advocated for the promotion of **standardisation at international level** with regards to **data-use and data-sharing** and supported further discussions on legal issues arising out of data access, ownership, and interoperability in both B2B and B2G data-sharing. Finally, JBCE recognised **the value of data altruism**, which JBCE believes could be further encouraged via model contractual clauses or data-sharing agreements to which individuals would agree.
- **Identification of high-value datasets:** JBCE supports the Commission's efforts to expand the list of high-value datasets and agreed that encouraging public authorities to make these datasets available free of charge, without restrictions and via APIs would be a good way to improve the dissemination of public sector data.

JBCE's recent activities

- Organised **a Knowledge Sharing workshop with representatives from DG CONNECT on the EU's "New Direction of EU Digital Policy"** in November 2019.
- Responded to **the Commission's public Consultation on data strategy with a questionnaire and position paper** in June 2020.

Timeline

- **February 2020**
Commission published the European Strategy for Data
- **November 2020**
Framework on Governance of Data Spaces by the Commission
- **Q1 2021**
Implementing Act on High Value Data Sets
- **2021(TBC)**
Commission will release a Data Act

¹ The nine data spaces are: industrial/manufacturing data space, Green Deal data space, mobility data space, health data space, financial data space, energy data space, agricultural data space, data space for public administrations, and a skills data space.

ARTIFICIAL INTELLIGENCE

Background

Since Artificial Intelligence (AI) is widely developed and utilised in the world, the EU has planned to establish the first regulatory framework for AI. Based on past initiatives such as the Commission's Communication on AI and the Coordinated Plan on AI in 2018, and the High-Level Expert Group (HLEG) on AI created in 2018, the EU has aimed to promote its "human-centric approach" as a new global standard for the development and usage of AI. Following the public consultation on its **White Paper on Artificial Intelligence**: A European Approach released in February 2020, the Commission has launched the AI regulatory framework legislative process. It has conducted the Inception Impact Assessment on AI in September 2020 and is expected to publish a legislative proposal by the end of Q1 2021.

In line with the Commission's work, the HLEG finalised the **Assessment List for Trustworthy AI (ALTAI) for self-assessment** in July 2020, which includes 7 requirements for AI developers such as the necessities of human oversight, traceability and explainability.

JBCE Message

JBCE supports the development of AI technologies in Europe, urging the Commission to establish **a trustworthy and truly business-friendly AI regulation**. Based on the fact that only a legally-predictable regulatory environment for AI technologies will be conducive to more trust, innovation, and growth in Europe, the framework should create a digital single market where the industry can fully unlock the potential of its R&I activities. JBCE also urges the Commission to **continuously review and amend its rules to reflect ongoing market developments and the industry's concerns**. To help achieve these objectives, JBCE encourages further discussions on **the EU-Japan mutual recognition scheme on AI**, as this would serve as an effective way to strengthen international cooperation between the two regions.

Recommendations for Policymakers

- **A risk-based approach**: JBCE supports the Commission's proposal for a risk-based approach, recommending a combination of **a regulatory framework on "high-risk" AI only and the use of industry-led, international voluntary standards, as well as applicable guidelines**.
- **Scope of "high-risk" AI**: calls upon the Commission to **develop explicit criteria and definitions** through dialogues with industry to ensure legal certainty in distinguishing high-risk AI and non-high-risk AI.
- **Facial recognition technology**: There is a broad range of facial recognition technologies and applications that process biometric data. As such, we would warn against adopting a one-size-fits-all approach when considering regulation for these applications.

JBCE's recent activities

- Participated to **the Commission's consultation on the White Paper on AI** in June 2020.
- Responded to **the Commission's inception impact assessment on AI** in September 2020.
- Organised **a Knowledge Sharing Session meeting with DG CONNECT** in September 2020.
- Presented at **the EU-Japan Strategic ICT Digital Dialogue** in October 2020.
- Organised a **workshop at CEATEC inviting DG CONNECT and METI** in October 2020.

Timeline

- **Feb 2020**
White Paper on AI released by Commission
- **Jul 2020**
The assessment list of trustworthy AI (ALTAI) finalised by HLEG
- **Mid-Oct 2020**
European Parliament adopts position on AI reports
- **Q1 2021**
Commission legislative proposal on AI
- **2021(TBC)**
Review of the Policy and Investment Recommendations for trustworthy AI

CYBERSECURITY (CERTIFICATION SCHEMES) & 5G

Background

With the adoption of the EU Cybersecurity Act in 2018, the Commission's cybersecurity agenda is focusing on the effective implementation of the voluntary certification schemes, in **close coordination with ENISA**. Following a request from the Commission in April 2019, ENISA supported the preparation of a candidate scheme to serve as a successor to the existing schemes. The new voluntary **Common Criteria based European cybersecurity certification scheme (EUCC)** is more of a **horizontal scheme** and targets **ICT products** dedicated to security products (e.g., firewalls, encryption devices, gateways, electronic signature devices, means of identification such as passports, etc.) and any ICT product embedding a security functionality (i.e., routers, smartphones, banking cards, medical devices, tachographs for lorries, etc.). EUCC offers **two security assurance levels**, 'substantial' and 'high' and successful applications provide a certificate **valid for five years** (renewable). The adoption of the scheme is likely to take place by the end of 2020, following a transition period of two years between the date of adoption and implementation to avoid any market disruption.

Another piece of cybersecurity legislation that has been in the mind of EU policymakers is the New Legislative Framework (NLF), which sets mandatory product safety requirements for products on the EU market. The Commission is looking at how to include cybersecurity requirements in NLF directives and regulations, and currently it is exploring cybersecurity requirements for the Radio Equipment Directive, the Machinery Directive and/or the Low Voltage Directive. Furthermore, on 7 July, the Commission launched a public consultation in light of its review of the functioning of the Directive on security of network and information systems (NIS Directive), with the objective of improving cybersecurity capabilities in Member States by adopting national NIS strategies, defining objectives and appropriate policy and regulatory measures, and improving countries' cooperation on cybersecurity. Finally, the Commission plans to release its new Cybersecurity Strategy on 15 December 2020.

JBCE Message

Cybersecurity remains an important priority for JBCE members as it seeks to promote a comprehensive and coherent regulatory framework (including by promoting internationally recognised standards and by encouraging voluntary certification schemes) that will support businesses to anticipate and implement cybersecurity solutions. However, an eventual push towards **mandatory certification of IoT, 5G or AI products and services would create an administrative cost** that JBCE's companies would need to be able to anticipate well in advance. The Digital Innovation Committee will continue to monitor the activities of DG CONNECT and ENISA, and the standardisation community, and to remain committed to supporting a coherent EU cybersecurity framework.

Recommendations for Policymakers

- **Multi-stakeholder dialogue:** The Commission should maintain an open channel of communication with industry stakeholders when elaborating the schemes.
- **Capitalise on private sector expertise.** The Commission should continue to consult the private sector for the development of cybersecurity schemes.
- **Pursue international standardisation efforts.** The EU's cybersecurity agency and standardising community should continue to **pursue international harmonisation efforts** in the field of cybersecurity and include globally recognised standards in future European schemes.

Timeline

- **December 2018**
Commission released EU Cybersecurity Act
- **July 2020**
ENISA set up a working group to prepare a EUCC scheme
- **December 2020**
Publication of the Commission's Cybersecurity Strategy

PRIVACY REGULATIONS (GDPR, EPRIVACY)

Background

On June 24, the Commission published the 2-year **application review** of the General Data Protection Regulation (GDPR). The report indicates that the GDPR has met several of its objectives, such as offering citizens a strong set of enforceable rights and by creating a new system of governance and enforcement. It also notes that the GDPR successfully supported digital solutions during the COVID-19 crisis. The report concludes that harmonisation across the Member States has increased, however, it notes that there is a **certain level of fragmentation** which still needs to be addressed.

The proposal to update the ePrivacy Regulation proposes clearer rules on **tracking technologies** such as **cookies** and seeks overall to enhance the security and confidentiality of communications. While the Parliament released its report back in October 2017, ePrivacy was blocked in the Council by Member States. Since Germany assumed the Presidency of the Council on July 1, 2020, it has listed the ePrivacy Regulation as one of the key files for its digital priorities. Nonetheless, an internal clash between the Justice and Economy ministries in Berlin has prevented the Presidency from distributing a new compromise proposal to the Member States and thus push the progress in the Council.

JBCE Message

The GDPR continues to hold a number of positive aspects for JBCE's members, most notably facilitating global data flows, improving global standards for privacy and data protection, and bringing some clarity to the application of data protection rules in the EU. However, considering the significant resources mobilised by JBCE's members to ensure they are compliant, **there are still challenges and a need for greater harmonisation**. JBCE will remain committed to privacy regulations together with an eye on the Data Governance framework released in October 2020.

Recommendations for Policymakers

- **Challenges in interpreting the GDPR:** the EU should **prepare a common set of guidelines for global cloud service providers**. These guidelines would give safety approval for providers, especially as global cloud service providers have not always provided full replies to the questions in the Data Protection Impact Assessments (DPIAs). JBCE calls on **the Commission to simplify Binding Corporate Rules (BCR)**, and help secure compliance with other rules that are of important public interest as well as on the European Data Protection Board (EDPB) to provide guidelines on video recording for data processors.
- **ePrivacy Regulation negotiations:** JBCE continues to advocate that **the ePR is developed in coherence with existing policy frameworks**, namely the GDPR, and is attentive to how definitions and other clauses could impact Machine-to-Machine (M2M) data transfers, making it easier to preserve innovation and the possibility for new digital solutions to be developed in the EU.
- **Necessity for harmonised implementation:** **stronger cooperation** among DPAs is an essential pre-condition for GDPR enforcement. Codes of Conduct can also be an effective tool in helping companies throughout the supply chain, and JBCE calls on the Commission to consider the benefits of pan-European Codes of Conduct to help demonstrate compliance with the GDPR's principles.

JBCE's recent activities

- Submitted a **position paper covering the challenges in interpreting GDPR and the need for harmonised implementation** in April 2020.

Timeline

- **2017**
European Parliament adopts its position on ePrivacy
- **July 2020**
Exchange of views organised in the Council
- **November 2020**
Framework on Governance of Data Spaces by the Commission
- **TBD**
German Presidency will publish a compromise text on ePrivacy

A STRONG AND RESILIENT EUROPE IN THE WORLD

“JBCE members are contributors to global cooperation towards a resilient and sustainable growth”

The EU's commitment to open and fair trade over the past twenty years has allowed businesses in the bloc to thrive and strategic alliances, such as that with Japan, to become even stronger. The EU's **bilateral relations** with other partners, like the United States and the ASEAN countries, have expanded for many years, benefiting **businesses** and **consumers** alike.

International trade has however faced unparalleled challenges since last year. The onset of the COVID-19 pandemic and its subsequent economic repercussions, coupled with the pre-existing crisis faced by the **World Trade Organization**, growing political instability and calls for the reshoring of **supply chains** in large economies, created a turbulent, low-trust environment for most operators.

JBCE believes that moments like this require a constructive dialogue and cooperation between players to build a common **vision for a future trade policy** that meets the challenges and opportunities ahead. The EU's new approach of **“open strategic autonomy”** recognises the need for the EU to continue to pursue an open trade policy based on reciprocity both at the bilateral and multilateral level.

JBCE advocates for an **ambitious** and **transparent** EU trade policy that is conducive to **open and fair trade**. It is our belief that stronger multilateral and plurilateral systems can emerge if countries work together to address current shortcomings. In an **interconnected global economy**, we all stand to gain when trade and investment flourish.

TRADE: EU-UK FUTURE RELATIONSHIP

Background

The negotiations on the EU-UK future relationship kicked-off in March 2020, but to date **progress has been modest**, with both parties harbouring fundamental disagreements. In a high-level conference in mid-June, leaders from both sides agreed to intensify the talks, but crucial **differences remained**, in particular regarding the so-called 'level playing field' provisions. The UK confirmed it does not intend to seek an extension of the transition period, which comes to a close on 31 December 2020.

JBCE Message

JBCE members have developed broad and complex supply chains across the EU and the UK. An open trade environment between the EU and the UK has always been a key driver of our members' presence in both areas.

JBCE therefore strongly urges both partners to reject a "No Deal" scenario and focus on a pragmatic package of measures to protect EU-UK trade and to develop an open, transparent and constructive future regulatory dialogue on tomorrow's rules and regulations.

Recommendations for Policymakers

- **Tariffs:** **preserving tariff-free and quota-free trade must remain a top priority.** The imposition of tariffs and/or quotas would increase manufacturing costs for many of our members and hurt competition between businesses.
- **Rules of Origin:** a **phase-in for operators with simplified rules of origin** should apply to reduce the administrative burden for traders. The **application of duty drawback** should also be considered to further support businesses.
- **Trade Facilitation:** **efficient customs procedures** should be ensured. As a first step, the UK and the EU should recognise each other as Authorised Economic Operators, even in the absence of a deal. Also, **adequate investment in customs facilities and recruitment of officials** is needed on both sides.
- **Data Flows:** given the growing importance of data flows, digitisation of industry and data-based services, it is imperative to ensure that data flows can take place as smoothly as possible. Both sides should therefore work towards a **data flows framework** (i.e. adequacy).
- **Mutual Recognition:** a **mutual recognition agreement** should be agreed between both sides, together with an **implementation period** providing sufficient lead time for businesses to prepare for administrative and product-impacting changes.
- **A transitional period for businesses to adjust** is key to minimise the costs of a disruptive scenario and allow businesses to adjust to the new reality.
- In the long run, **institutionalised channels for dialogue** must be put in place to allow parties to minimise divergences in future rules and build a strategic alliance on key challenges and opportunities.

JBCE's recent activities

- Participated in the UK's public consultation on the new UK-Japan FTA in October 2019.
- Issued two **position papers on the future EU-UK relationship** in May and June 2020.

Timeline

- **Until 31 January 2020**
UK membership in the EU
- **1 February - 31 December**
agreed transition period - FTA negotiations
- **From 2021 (presumably)**
UK is a third country, no longer member of the Single Market of Customs Union

TRADE: EU-JAPAN EPA

Background

The EU-Japan Economic Partnership Agreement (EPA) has already resulted in **the increased volume of bilateral trade in its first year** after coming into force on 1 February 2019. Further **increases are expected in the coming years**, as transition periods, e.g. on cars and car parts, expire. For the full implementation of the EPA, **tackling non-tariff barriers and expanding mutual recognition and regulatory cooperation**, e.g. in the area of AI and cybersecurity, can offer significant opportunities to further build on this partnership. Negotiations must also continue separately for an **investment agreement** between the two sides.

JBCE Message

The creation of the **world's largest free trade area** through the EU-Japan EPA, covering 40% of the global economy, is a **major achievement**. JBCE's mission remains to act as a **bridge between the EU and Japan**, with the objective of maximising the benefits of the EU-Japan EPA and providing policymakers and other stakeholders in the EU with **thought leadership on present and future opportunities and challenges** across a number of areas.

Recommendations for Policymakers

- **EPA implementation:** beyond the significant progress already made, JBCE encourages policymakers to ensure that the agreement will continue to be properly implemented and enforced.
- **Regulatory Cooperation:** collaboration in this area will also strengthen the foundations for **future cooperation on key issues such as AI and cybersecurity**, standardisation, robotics and others.
- **EU-Japan Adequacy Decision for the protection of personal data:** based on the Adequacy Decision, the EU and Japan should aim to develop together a framework within the EPA for the free flow of data and additional digital trade provisions between the two economies via a dedicated digital chapter.
- **International cooperation:** the EU and Japan should cooperate in international fora to shape the WTO reform and maintain trade liberalisation efforts and the fight against protectionism high in the agenda.

JBCE's recent activities

- Organised an **exchange of views with DG Trade on EU-Japan Relations** in June 2020.
- Celebrated **the first anniversary of the EU-Japan EPA** in February 2020.

Timeline

- **1 February 2019**
entry into force of the EPA
- **Ongoing**
work towards full implementation of the EU-Japan EPA
- **Before 1 February 2022**
renewed assessment of the necessity of including provisions on the free flow of data between EU and Japan

TRADE: WORLD TRADE ORGANIZATION

Background

The international trade system is facing enormous challenges. Ideological conflicts among the main powers are surfacing ever more clearly through harsher rhetoric, trade sanctions and export controls, while the WTO faces an internal crisis with an incapacitated Appellate Body. In this context, the EU has been among the main voices calling for the ambitious modernisation of the multilateral trade system to better reflect today's geopolitical reality. With the COVID-19 crisis we need a recovery phase which is centred on de-escalating trade tensions and building consensus to open markets and to tackle trade distortions caused by non-market practices. Minimising the economic and social damage of the pandemic, restoring global growth, maintaining market stability and strengthening resilience should be at the heart of future trade policymaking.

JBCE Message

The multilateral trading system plays a crucial role in ensuring a predictable, rules-based environment for international trade. The WTO must remain a central pillar and preferred approach of EU trade policy, together with bilateral and plurilateral efforts. **JBCE calls on EU leaders to remain engaged in reforming the international trade rulebook in order to better equip it to deal with present and future challenges and an ever changing environment.**

Recommendations for Policymakers

- **Special and differential treatment for developing countries:** JBCE favours more clarity in the definition of “developing country” status, with objective criteria, to avoid situations where advanced economies self-declare as such in order to enjoy special rules.
- **Implementation and oversight of WTO rules:** the monitoring and notification functions of the WTO should be reformed to ensure members systematically notify trade measures such as industrial subsidies.
- **Flexibility:** the WTO reform should be pursued with a view towards enabling the system to become more agile to tackle current and future issues in trade such as electronic commerce and environmental concerns.
- **US blockage of the Appellate Body:** JBCE recommends the establishment of the multi-party interim appeal arbitration arrangement and calls for a multilateral, negotiated solution to be found as soon as possible.
- **Environmental Goods Agreement (EGA):** JBCE highlights the pressing need to relaunch the EGA negotiations which seek to eliminate tariffs on a number of important environment-related products and services.
- **Information Technology Agreement (ITA):** JBCE members call on the EU to remain engaged in ensuring that the Agreement keeps pace with technological development and that the geographical scope is further enlarged.

JBCE's recent activities

- Issued a [position paper on the EU's recovery plan advocating for free and open trade](#) in late May 2020.
- Answered to [the consultation of the EU new trade policy](#) in November 2020.

Timeline

2019

Joint Industry Recommendations to the G7 Summit

Ongoing

EU trade policy review consultation, “lessons learned” from COVID-19

Late 2020 and beyond

revision of EU trade policy

Conclusion

In the wake of a global pandemic, the hardening balance of power between blocs, and Europe's two-fold long-term ambition for a carbon-neutral continent and technological sovereignty, the role of sound public policy, cooperation with likeminded countries and private investment will all play a crucial role. In that regard, the next five years represent a critical juncture for the EU – one that can determine its success for the next three decades.

Fuelling **innovation and economic dynamism** will be the first stepping stone for the EU. Technological sovereignty, corporate investment and private research will be crucial to developing the leading future tools, including connected devices, supercomputers, and Artificial Intelligence. As ever, JBCE member companies are willing to play their part, investing in research and production, using high-level technology in Europe, and ensuring that both the EU and Japan are more prosperous and digitally oriented.

To green the European economy, the Commission's Executive Vice-President Frans Timmermans announced in December 2019 that additional investments of €260 billion a year by 2030 will be required to reach the upcoming climate and energy targets. The success of Europe's green shift will therefore depend on the engagement of all actors involved, including the mobilisation of private investment. The EU can count on JBCE's support in this endeavour. Our members and their industries are indeed at the forefront of decarbonising our production and consumption. Japanese companies are committed to the 2050 carbon neutral goal and will continue to mobilise their resources, research and innovation to solve the issue of our lifetime and ensure Green economic growth.

The second stepping stone of Europe's recovery and growth is **sound policymaking**, which entails setting up future-proof regulation as well as efficiently using public funds to boost Europe's growth. The EU – as a regulator which increasingly determines global norms – has an increased responsibility for its legislation to incentivise sustainable and technological prosperity. In that respect, enforcing rules on international data transfer, preventing cybersecurity harms and contributing to a global harmonisation of standards, are all paramount. European policymakers must also focus on reinforcing trust and setting regulatory certainty. The EU must promote effective and achievable sustainable policies, which can be streamlined across entire supply chains. In this regard, JBCE has actively contributed to better policymaking in the EU. This has meant sharing our expertise and best practices as well as finding innovative policy solutions with legislators across all aspects of EU. As it has done since 1999, JBCE will continue to positively contribute to policymaking, providing its unique position at the intersection of the European and Japanese industry.

Finally, the EU's third steppingstone is **furthering its cooperation with sympathetic, progressive countries that are attached to a multilateral world order**. It is with these international partners that the EU must work to improve global standards. It should therefore promote an open governance and global perspective when designing environmental, digital or trade rules. This will achieve greater harmonisation in global supply chains and ensure a level playing field for countries that think alike. For these reasons, we urge the UK and the EU to reach an agreement before the end of the transition period to protect and preserve economic relations. In the same vein, the EU and Japan must build on their EPA and establish a free flow of data as well as foster sustainable development within their trade agreements. Japanese companies are providing for over 590.000 jobs in Europe and account for more than €290 billion of foreign direct investment in 2019. Our responsibility to improve EU-Japan trade and contribute to our collective welfare is evident.

Ultimately, JBCE is excited for the next five years. Excited, because the EU and Japan, as open economies attached to multilateralism, will undoubtedly drive the solutions to our world's current problems. Excited, because our organisation will hold a crucial role as a bridge between Japan and the EU. Excited, finally, because JBCE member companies are at the forefront, finding new innovations and solutions every day which contribute to our necessary green transition and technological transformation. The EU is right to be ambitious, and JBCE will be a constructive and resolute partner.

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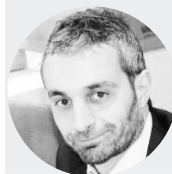
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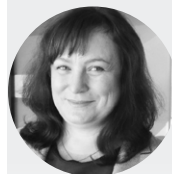
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