Recommendations
of the
EU-Japan Business Round Table
to the Leaders of the European Union and Japan

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Working Party 3

Digital Innovation and Mobility

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List of Abbreviations

Abbreviation	Meaning
AI	Artificial Intelligence
BASA	Bilateral Aviation Safety Agreement
BRT	EU-Japan Business Round Table
EASA	European Aviation Safety Agency
EPA	Economic Partnership Agreement
EU	European Union
GDPR	General Data Protection Regulations
ICT	Information & Communications Technology
IFR	Instrument Flight Rules
IoT	Internet of Things
ITA	Information Technology Agreement
MC	Ministerial Conference
NIS	Network Information Security
SME	Small and Medium-sized Enterprise
R&D	Research and Development
WP	Working Party
WTO	World Trade Organization

Introduction

Digital Innovation

The BRT believes that building social acceptance among stakeholders including citizens, business and organizations across countries and sectors is essential to achieve digital transformation through the social implementation of digital technologies. It is necessary for society to properly understand the technologies and enhance the social implementation and application of new technologies. The BRT believes that everyone can benefit from digital transformation by engaging in open discussions with stakeholders, including civil society.

The BRT acknowledges that the EU and Japan recognize the importance of promoting the free flow of data with trust in companies and society.

G7 2022 Digital Minister's Meeting adopted a Joint Declaration on promoting the Data Free Flow with Trust (DFFT) and the Cyber Resilience of Digital Infrastructure. Japan will chair the G7 in 2023. The BRT expects further cooperation between the EU and Japan, and international leadership in the field of digital transformation.

The BRT supports the European Commission **Digital Strategy objectives** and more generally the European Commission strategic priorities where **Green & Digital Transition** together with a strong emphasis on democracy, human rights, and international cooperation.

The BRT also welcomes the establishment of the Digital agency in Japan in September 2021 and Vision for a Digital Garden City Nation

BRT is also supporting initiatives that aims to build digital sovereignty and believes it should not be a tool for protectionism which prevent market access for companies and investments on new technologies and R&D project and programmes such as Horizon Europe, Digital Europe and other Public/Private initiatives.

In Cybersecurity and other key topics such as Artificial Intelligence, it is important to work together on standards that are shared and applicable at international level. The same goes for regulatory cooperation and mutual support on R&D investments and programmes following some good initiatives between the EU and Japanese Government.

The BRT values the Japan-EU Digital Partnership as a comprehensive digital initiative between the EU and Japan. The several channels of institutional and technical discussion must be reinforced to provide companies and citizens with more opportunities for investment and growth between the two regions.

Additionally, digital innovation and artificial Intelligence development have been steadily gaining traction during the last few years. While EU and Japan have acknowledged and supported this domain, many barriers remain for SMEs in that space who wish to expend abroad. Reinforced initiatives and support should be considered to help them fully develop and mature while promoting a more connected and developed ecosystem, providing stronger growth potential and opportunities.

Aeronautics

The Covid-19 pandemic has had a huge impact on passenger air transport and a more limited impact on airfreight. Consequently, demand for aircrafts has decreased impacting aeronautics industries. Return to pre Covid-19 situation will probably take few years.

That said, EU and Japanese industries are major suppliers to the global aeronautics market. Both, however, are challenged by aggressive new entrants. In this context, joint technology and project development is necessary for both sides to maintain their technological leadership and competitiveness.

In perspective of post Covid-19 world economies recovery, that will spur aircrafts demand, more government-led cooperation and continued support from both authorities is needed to help the European and Japanese aircraft industries bring to fruition the development of their relationship while meeting the EU's environmental, social, and safety requirements.

Space

EU and Japanese space industries are major suppliers of space products and services. The global commercially accessible space market is expected to grow.

However, as government budgets remain low and competition increases, mutually open markets and cooperation are a possible opportunity for the EU and Japan to achieve their goals in space and for their industries to realize their full potential in the global market. We urge to resume the meetings of the EU-Japan Space Dialogue on a regular basis in order to collaboratively accelerate this dialogue for make Japan & EU space industry more competitive.

Mobility

With the development of electric cars, demand for car batteries is increasing and manufacturing batteries becomes a strategic issue. EU and Japanese industries shall cooperate to be able to preserve sovereignty on batteries production.

Demand for energy is increasing with the world’s population growth. As urbanization progresses, demand for electricity is increasing. These are also among the industries where achieving net zero carbon is hardest. As other parts of the global economy decarbonise, they will contribute a more significant proportion of remaining emissions unless the technologies and the infrastructures underpinning them are completely reimagined.

Recommendations from Both European and Japanese Industries

Digital Innovation

WP-3 / # 01* / EJ to EJ
Strengthening the EU-Japan Cooperation to Realize the DFFT
A) Cooperation in Rulemaking on Global Digital Trade

The BRT calls on the EU and Japanese Authorities to:

- Stay committed to free trade and multilateralism and develop a high standard**,** such as cross-border data flows, prohibition of data localization requirement and access requirement of source code and algorithm, non-discriminatory treatment of digital products, and moratorium on customs duties on electronic transmissions, for WTO rules on e-commerce to secure the strongest possible commitments for confronting barriers to trade and facilitating the development of strong, interoperable regulatory frameworks in areas like privacy and cybersecurity.
- Work together with industry and like-minded governments to address third-party country policies and practices that create unfair competitive conditions, such as unfairly limiting data movement, distorting subsidies, unreasonably enforced data localization measures, other requirements for using local servers and software, requirements for transferring and accessing sensitive information such as source code, algorithm and encryption, and unrestricted and disproportionate access by governments to personal data held by private companies.
- Avoid expiration of moratorium on customs duties on electronic transmissions which was agreed on MC12 and continue to lead in seeking a permanent moratorium on customs duties on electronic transmissions.
- Cooperate in the development of government access rules for personal data held by the private sector.
- Work with industry and like-minded governments to craft a balanced approach to multiple sector data flows in trade agreements and international frameworks that guarantees a high level of data protection and allows in-vehicle, mobility, and industry data to flow freely across borders to realize the Data Free Flow with Trust.

The BRT believes that:

- The thirteenth WTO Ministerial Conference (MC13) will be a very important meeting to drive global digital trade rule negotiation.
- Agreement of the EU-Japan EPA and adoption of mutual adequacy decisions for the protection of personal data provide a unique building-block for the EU and Japan to advance a common agenda at global level. In addition to mutually

promoting digital innovation and transition, efforts to promote digital trade rules at the WTO and in FTAs are necessary to support level playing fields and long-term growth perspectives.

WP-3 / # 01* / EJ to EJ
Strengthening the EU-Japan Cooperation to Realize the DFFT
B) Cooperation through EPA and Digital Partnership between Japan and the EU

- Agree on a text to facilitate the free flow of data between Japan and the EU at the time of the next review scheduled within three years of the entry into the EPA and seek adding prohibition of data localization requirement and non-discriminatory treatment of digital products which helps reducing barriers and issues of dataflow.
- Start a dialogue between two regions in the Digital Partnership to create mutual understanding of current and future regulatory framework including: data governance and rules including IoT data, Open data, and standards, aiming for future cooperation and agreement in the regulatory cooperation framework of the Japan-EU EPA between authorities to eliminate legal uncertainties and complexities associated with the de-centralized data sharing across sectors and regions.

WP-3 / # 01* / EJ to EJ
Strengthening the EU-Japan Cooperation to Realize the DFFT
C) Support for Social Implementation

- Take strong leadership to forming data ecosystems to achieve policy goals such as green, health and mobility.
- Promote cross-regional projects by enabling interoperability that promote data-driven economy through decentralized data sharing.

WP-3 / # 02* / EJ to EJ Cybersecurity for Trusted Society

The BRT calls on the EU and Japanese Authorities to:

- Pursue international harmonization in the field of cybersecurity, in particular the alignment between the EU cybersecurity certification schemes and regulatory cybersecurity framework in Japan and integration of the international standards including certification and labelling of IoT devices and services.
- Request that both authorities take the lead in introducing new security technologies for the quantum computer age.

The BRT believes that:

- Security is necessary as a precondition for creating value in cyberspace and the realization of digital transformation. Without taking appropriate measures, however, risks of increasing vulnerability might hold it back, or even seem to outweigh its benefits.
- Cybersecurity policy should be built on a shared responsibility in private and public sectors.
- A Global coordinated approach is effective in coping with high-level attacks. An information sharing scheme with regards to security incidents should be created between the national contact points in each EU Member States based on the NIS directive and NIS2 Directive on the one hand and Japan on the other.
- The European Commission should work to ensure a harmonised implementation of NIS2 in the Member States.
- The EU's approach to establish cybersecurity certification schemes for ICT, Cloud, AI and 5G would be a great benefit to develop a safer society where IT is penetrating and indispensable. Having said that, the EU should make full use of and, if needed, amend existing regulations to the minimum extent so that industry can comply with new regulations without any unnecessary burdens. For low-risk products, regulations should allow for self-assessment and self-declaration. In addition, whether new cybersecurity schemes would be mandatory or not shall depend on the risk level which also makes us believe that it must be clearly defined what cybersecurity risks are in products/services or usage scenes.
- The advent of the quantum computer age is expected to make existing cryptography obsolete. New security technologies for the quantum computer age are now in the stage of practical application, and the introduction of these technologies will benefit both the public and private sectors. The EU and Japan should further promote technology cooperation as trusted partners.

WP-3 / # 03* / EJ to EJ Social Implementation of human-centered AI Technology

The BRT calls on the EU and Japanese Authorities to:

- Support, develop, and implement human-centered, trusted AI applications to protect citizens' fundamental rights.
- Recognize that AI technologies are constantly evolving and require ongoing discussion efforts, and that innovative governance with agility and flexibility is needed to encourage innovation and to avoid and mitigate negative impacts on society. Regulatory measures should be limited to AI that creates truly serious risks, while ensuring legal stability and predictability while clarifying the scope of regulations, their rationale, and methods for measuring and assessing risks.
- Avoid imposing responsibilities of risk management and legal liability only on AI system developers, recognizing the facts that AI technology itself is neutral and can be both a problem and a solution depending on how it is used.
- Strengthen cooperation on AI standardization between the EU and Japan (JISC), promote the development and deployment of human-centered and reliable AI in both regions, and cooperate with international standards organizations (ISO/IEC JSC).
- Avoid policies that pre-emptively restrict or prohibit potentially beneficial AI applications, including remote biometrics, without clear evidence that specific AI applications pose high risks to safety, health and fundamental rights.
- Enables broad AI application testing across different use cases and business sectors to ensure positive impact and reduce negative impact of AI applications.
- Enhance open and transparent dialogue with citizens of all generations and segments to avoid misunderstandings and highlight the social benefit of AI.
- Build bridges and links between existing public institutions and networks to centralize key information and facilitate SME expansion into new markets when addressing innovative topics (Example: Establish, hire, or introduce a subsidiary).

The BRT believes that:

- Discussions about the potential risks of AI applications have only just begun in various industries, and it is premature to expect convergence. The concept of “risk” varies across industries and should be consistent with existing concepts.

WP-3 / # 04 / EJ to EJ ITA/ITA Expansion

- Cooperate in expanding ITA/ITA by increasing the number of member countries and expanding the scope of products covered, and coordinate violations of WTO binding commitments by third countries based on ITA/ITA expansion.

WP-3 / # 05 * / EJ to EJ Updating Connectivity for Digital Transformation for All

The BRT calls on the EU and Japanese Authorities to:

- Strengthen cooperation between the EU and Japan in advanced research and development towards 6G.
- Promote open 5G networks, encourage free and vigorous competition in the 5G equipment market, and enhance the resilience of the supply chain.
- Share good use cases of application using 5G network.
- In the development of 6G, it is necessary to promote the development of technologies and applications that will be realized on 6G in parallel.

The BRT believes that:

- Ensuring availability of high speed and reliable connectivity for all is a necessary condition so that all citizens are able to enjoy the benefits of the digital transformation.
- 5G and expected 6G are key technology for accomplishing the Society 5.0. Governments and the EU institutions should establish without delay policy frameworks to encourage the necessary investment from businesses and to ensure that trustworthy, open and secure 5G/6G infrastructure as well as optical networks that support these 5G/6G infrastructure will be available to all on a sustainable and market-oriented basis.
- 5G and 6G have important consequences in all fields of industry not only for innovative services, but also to tackle various global challenges such as climate change, natural disasters and infectious diseases as a vast amount of relevant and trustworthy data and analysis are required across borders to tackle these challenges.

WP-3 / # 06 / EJ to EJ
Development of Next-Generation Computing Infrastructure

The BRT calls on the EU and Japanese Authorities to:

- Promote the development of next generation computing infrastructure that can be used for industrial purposes.
- Strengthen research collaboration between Japan and the EU on next generation computing technologies such as quantum computing.
- Strengthen investment towards development and social implementation of solutions that contribute to solving local problems by utilizing the next generation computing infrastructure.

The BRT believes that:

- As the global environment becomes increasingly uncertain and social issues become more complex, it is becoming more and more important to utilize a variety of data to solve problems and create new value.
    - Establishing next generation computing platforms with advanced computing capabilities, such as to; HPC, AI, pseudo quantum, and quantum computing; and creating an environment that can be used by many users will greatly contribute to solving complex social issues and realizing innovation.

WP-3 / # 07* / EJ to EJ Skill Development for Digital Economy

The BRT calls on the EU and Japanese Authorities to:

- Take actions and invest to raise awareness and educate for all generations to gain benefits and confidence in digital transformation including cyber security, AI, Robotics Simulation, Multiverses and so on.
- Support the creation of the skills which are necessary to fulfil the requirements of the new job opportunities coming from new technologies.
- Foster digitalization of SMEs and participation in the digital economy.

The BRT believes that:

- New technologies such as AI Simulation and Robotics should be perceived as new opportunities to create jobs and economic growth.

WP-3 / # 08 / EJ to EJ
Fundamental Reform of the Private Copying Levy System (Compensation System for Private)

The BRT calls on the EU and Japanese Authorities to:

- Cooperate to thoroughly reform the levy system about private copying considering the evolution of technology and distribution channels for lawful consumption of digital contents. Expansion of the current levy system to an increasing number of devices and cloud services should be avoided. Instead, any new levy system must be based on independent studies that show the actual use of copyrighted works and demonstrate the harm to the right holders resulting from the use.

The BRT believes that:

- Any review for reform should consider, in a comprehensive manner, alternative methods available to secure adequate compensation of rights' holders and creators from private copying as well as the development of licensed cloud-based content streaming models. The goal should focus on reforming the system to be more transparent, predictable, and balanced, and to avoid distortions. Also, a new system shall be fair to consumers, rights holders, and service and equipment providers at the same time. In order to achieve these goals, we recommend,
- Keep a close look at copyright levies developments in the Member States with a view to prevent internal market distortions.
- Ensure that Member States properly implement the EU legislation and case law.
- Come forward with a recommendation for a clear and common approach to the calculation and application of copyright levies.

WP-3 / # 09 * / EJ to EJ R&D cooperation

The BRT calls on the EU and Japanese Authorities to:

- Strengthen strategic R & D cooperation in Horizon Europe's digital programme and the Sixth Science, Technology, and Innovation Basic Plan.

- Lead the integration of various academic fields including humanities and social sciences, the creation of a forum for collaboration including human resource exchange, and international standardization. to realize innovation development and social implementations under these programs.

- Promote the creation and development of start-up ecosystems, including local communities, universities, and companies, and strengthen global partnerships in creating environments for start-up growth.

- Discuss Japan's position as an associate member in the Horizon Europe program.

The BRT believes that:

- Modern social systems are becoming more complex, and solving problems requires knowledge that is not confined to a single discipline or research area. In particular, collaboration between researchers in the natural sciences and engineering as well as those in the humanities and social sciences will lead to the resolution of social issues and the creation of new innovations.

- Start-ups are pioneers in transforming society through technological innovation and solving social issues. By strengthening cooperation between Japan and the EU to support the creation and development of globally viable start-ups, it is expected to accelerate innovation in both regions.

WP-3 / # 10 / EJ to EJ **Cooperation Towards Harmonised Deployment of Automated Driving (In joint proposal with WP1 Regulatory Cooperation)**

The BRT calls on the EU and Japanese Authorities to:

- Enhance cooperation to harmonize regulatory frameworks and roadmaps to deploy automated and connected driving in a consistent and synchronized manner.
- Continue to lead efforts to create international standards and interoperability frameworks in the domain of automated and connected driving.

The BRT believes that:

- European and Japanese Industry have the potential to be front-runners in automated and connected driving which can create jobs and growth and bring innovation to our roads, increasing road safety and making our transport system more accessible.
- For European and Japanese companies to invest in automated and connected driving and bring solutions to the market it is necessary to have stable legal certainty and predictable market conditions which are aligned and synchronized.

Aeronautics

WP-3/ # 11/ EJ to EJ Government-Led Industrial Cooperation in Aeronautics

The BRT calls on the EU and Japanese Authorities to:

- Establish a permanent dialogue aiming to significantly upgrade the scale of EU-Japan industrial cooperation in aeronautics based upon mutual trust, equality and mutual benefits, and stimulated by government funding. This should include broad cooperation on environmental issues, such as sustainable fuels.

WP-3 / #12 / EJ to EJ Cooperation in Aircraft Certification

The BRT calls on the EU and Japanese Authorities to:

- Accelerate the discussion of the annexes linked to MRO and training.

WP-3 / # 13/ EJ to EJ Cooperation on Navigation Regulations for Helicopters

The BRT calls on the EU and Japanese Authorities to:

- Establish an increased level and better cooperation between Europe and Japan regarding the development of low altitude IFR routes and satellite-based navigation regulations for helicopters.

Space

WP-3 / # 14/ EJ to EJ Regulatory Cooperation in Space Operations

The BRT calls on the EU and Japanese Authorities to:

- Not lose the momentum and continue to cooperate closely on regulatory matters in the space sector.

The BRT believes that:

- Mutually open markets and cooperation are a possible opportunity for the EU and Japan to achieve their goals in space and for their industries to realize their full potential in the global market.

  The EU-Japan Space policy Dialogue significantly promotes cooperation in Space and should thus continue on a regular basis.

WP-3 / # 15 / EJ to EJ Technological and industrial cooperation on Japanese and European next generation of launch vehicles

The BRT calls on the EU and Japanese Authorities to:

- Strengthen technological and industrial cooperation in the framework of the development of the products and services related to space sector including next generation launch vehicles.

The BRT believes that:

- There is a similarity regarding the environment surrounding Japanese and European national launchers: Both have the responsibility *vis-à-vis* each respective government to guarantee an independent access to space and due to insufficient institutional demands, both must be commercially competitive in order to maintain a sufficient number of launches.
- Due to the rapidly emerging new satellite applications, continuous improvements are required for both the Japan and the EU in order to be competitive in the commercial market. As a lot of similar hardware developments are required in such improvements, Japan-EU cooperation is indispensable in quick and cost-effective developments.

Mobility

WP-3/ # 16/ EJ to EJ Battery wide range of production world regions

The BRT calls on the EU and Japanese Authorities to:

- Enhance EU-Japan technical cooperation for sustainable batteries and investments in EU and Japan to preserve Japan & EU sovereignty in batteries and EVs manufacturing

WP-3/ # 17/ EJ to EJ Decarbonized electrification

The BRT calls on the EU and Japanese Authorities to:

- Enhance cooperation on decarbonized electrification by gathering a wide range of EU JAPAN industries from the automotive, aviation, energy, infrastructures sectors (charging infra/services, asset management, battery management services, H2, supply of hardware, management of power…)

The BRT believes that:

- Electrification will continue to disrupt the short-range travel across of all sectors in mobility including for EVTOLs / UAM for commuter market. As the short to medium range of the market becomes increasingly electric, the question of charging up these vehicles begins to emerge as a key enabler for electrification.

WP-3/ # 18/ EJ to E EJ industrial leadership in battery design & manufacturing

The BRT calls on the EU Authorities to:

- Include innovating SMEs in the battery industry development programs to foster European & Japanese industrial leaderships (RE technology in Japan, RE production capacity in Europe)

Recommendations from European Industries

Space

WP-3 / # 19 / E to J Mutual Backup of Government Satellite Launches

The BRT calls on the Japanese Authorities to:

- Bring about a mutual backup cooperation scheme of government launches using Japanese and European launcher fleets.

The BRT believes that:

- The International Space Station future automated cargo spacecraft HTV-X could benefit from a back-up launch service aboard the future European Ariane 6 launch vehicle.