

Ms. Ursula von der Leyen
President
European Commission
Rue de la Loi 200
1049 Brussels
Belgium

4 May 2022

Re: BusinessEurope's priorities ahead of the EU-Japan Summit

Dear President,

This year marks three years since the EU-Japan Economic Partnership Agreement (EPA) entered into force. Over this period, the EPA has proven to be the bedrock of the EU-Japan economic relationship and in 2021, trade in goods between the two recovered to pre-pandemic levels reaching 125 billion euros.

Despite the overall smooth implementation of the EPA, certain European sectors are still confronted with market access issues and non-tariff barriers. For example, accessing the Japanese public procurement market continues to be an issue, especially for railways. Japanese domestic customers expect local engineering and expert teams. All documentation, drawings, software, etc. and discussions must be in Japanese and requires a strong local technical presence or partnership. Japanese rail operators play a strong role in the prescription of train technology and the suppliers panel which discourages participation of European companies. Ensuring better access for European players in offshore wind power should also remain a priority.

Besides making progress on these issues, a solution should be found on investment protection, as it is still an open issue in the EPA. In addition, the cooperation between the EU and Japan should be further developed and strengthened in several areas. Japan has demonstrated to be a like-minded partner on many issues and a strong ally of the EU. The EU should build on the strong partnership with Japan and develop further cooperation, in particular in the following areas:

- **Data Flows and the Digital Partnership Agreement:** February 2022 marked the 3-year deadline set in the EPA to look into the inclusion of data flows provisions in the EPA as set in Article 8.81 of the EPA. The European business community strongly supports these negotiations. Agreeing on cross border free flow of data



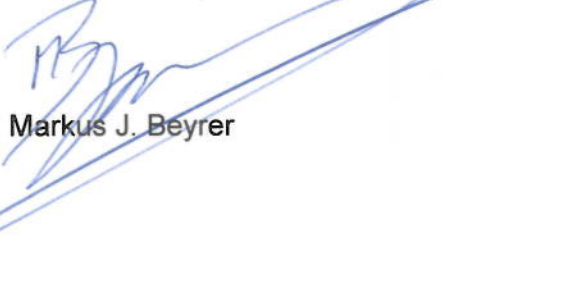
Digital Partnership Agreement, as announced in the EU strategy for cooperation in the Indo-Pacific, which will help set global standards and rules in the forward-looking area of digital trade. Cooperation on beyond 5G/6G is a critical area where both sides should strengthen their collaboration and ensure that the deployment of this technology is carried out without technical mandates in compliance with the WTO TBT Principles for the development of international standards.

- Green transition: the EU-Japan Green Alliance agreed in May 2021 already sets out specific areas of cooperation. The EU and Japan should build on this alliance and put it into practice. Strengthening bilateral regulatory cooperation on green goods and promoting those standards globally is particularly important as well as cooperation on carbon pricing. The business communities of Japan and the EU are ready to encourage this cooperation via already well-established forums, such as EU-Japan Business Round Table (BRT).
- WTO: the upcoming 12th WTO Ministerial Conference (MC12) is critical time for the WTO. The EU should work together with like-minded partners such as Japan, to find solutions to some of the most pressing issues including the Appellate Body, enhance the monitoring function and revitalise negotiations through the Joint Statement Initiatives. It is key to continue to build on the work among the EU, Japan and the US to ensure a level playing field by addressing non-market and other unfair trade practices, including excess capacity issues and trade distorting industrial subsidies. In the context of these trilateral discussions, it would be important that the EU and Japan together with the US come with proposal that can be submitted to the other WTO members.
- Cooperation on sanctions and export controls: we appreciate the close coordination of the EU and Japan's sanctions against Russia and Belarus as well as Japan's solidarity with Europe recently when it directed its surplus of Liquefied Natural Gas to the EU. We hope that the good coordination will continue on sanctions and export controls, as well as finding solutions to supply chain disruptions, and cooperating on energy security.
- Healthcare: the EU and Japan have joined forces in tackling the COVID-19 pandemic. Both sides should continue cooperating to strengthen their health care systems, while driving pharmaceutical innovation and patient access to medicines. This includes sharing best practices in the use of digitization of

healthcare, vaccine development and immunisation programs as well as cooperation on global supply chains to prepare for future pandemic.

The upcoming EU-Japan Summit is an ideal occasion to raise these issues and set some guidance for future cooperation. We hope that the elements mentioned on this letter will be taken into consideration during the Summit discussions and remain at your disposal should you require any further information.

Yours sincerely,



Markus J. Beyrer