



Report on
“EU-Japan Connectivity: EU-Japan Business Collaborations
in Third Markets” Seminar
December 3, 2019 Tokyo

The EU-Japan Centre for Industrial Cooperation organized a seminar on the topic of EU-Japan business collaborations in third markets on December 3, 2019 in Tokyo. With the signing of the Partnership on Sustainable Connectivity and Quality Infrastructure by Japanese Prime Minister Abe and European Commission President Juncker on 27 September 2019, the EU and Japan are committed to strengthen what they can do together on the global scene with partners in third countries.

The seminar was prepared in coordination with the conference of European Business Organisation Worldwide Network (EBOWWN) in Tokyo, which assembled approximately 40 EU chambers of commerce and industries in the world. The seminar attracted more than 130 attendees.

Mr. Philippe de Taxis du Poët, EU-side General Manager, EU-Japan Centre for Industrial Cooperation explained in his welcoming remarks, the seminar's background as follows.

- EU and Japan are intensifying their relations through the Economic Partnership Agreement (EPA) and the Strategic Partnership Agreement (SPA), and implementation of agreements is key to benefit businesses, people and economies;
- EU and Japan are certainly important markets themselves. But they are also important hubs for accessing third markets e.g. Africa, South East Asia, Latin America, to formulate the win-win partnership.

Mr. de Taxis du Poët hoped that, through various presentations and discussions, the seminar would contribute to operationalization of collaboration and connecting key stakeholders in the EU, Japan and third countries.

Mr. Tetsuya Watanabe, Director-General for Trade Policy, Ministry of Economy, Trade and Industry (METI) gave presentation on the deepening of EU-Japan cooperation and extension to third countries as follows:

- EU-Japan EPA / SPA which came into force on February 1, 2019 became an important foundation for EU-Japan relations and will further strengthen strategic relations.
- With the Partnership on Sustainable Connectivity and Quality Infrastructure, Japan and the EU affirm their commitment to establishing a Connectivity Partnership based on

sustainability as a shared value, quality infrastructure and their belief in the benefits of a level playing field.

· The EU-Japan Centre for Industrial Cooperation plays key roles for promoting all forms of industrial, trade and investment cooperation between Japan and EU and in third countries.

After introducing various measures for promoting cooperation in third country, Mr. Watanabe said that the METI would expect that public and private sectors work together to organize many projects under the partnership principle in third countries.

Mr. Nikolaus Boltze, Representative Director & President of thyssenkrupp spoke on behalf of the German Chamber of Commerce & Industry in Japan (AHK Japan). Based on a survey conducted by the AHK Japan, Mr. Boltze reported that Japan is perceived by German companies as a key business hub to other countries. In fact, 69% of survey respondents are involved in projects with Japanese companies outside of Japan, especially in ASEAN. This involvement has been consistently increasing over the years. In addition, 46% of respondents generate revenues in cooperation with Japanese companies outside Japan at least to the same extent as inside of Japan. Mr. Bolze explained that German companies involved in third country cooperation with Japanese partners are, in terms of region, focusing primarily on ASEAN countries, and then in China and Europe.

Main reasons for involvement in third-country cooperation projects are: making use of company's global sales and service network, increasing the strategic importance of their subsidiaries in Japan, saturation of the Japanese market, and ability to attain higher margins. From the point of view of his company, thyssenkrupp, it is a precondition that their partners have 'state of the art' technologies.

Mr. Martin Schultz, Senior Economist, Fujitsu Research Institute made analysis of third market collaborations from the three perspectives of corporate business, governments and strategy. As for third market strategy, Mr. Schulz emphasized the importance of connectivity, challenges for which include free data flow, digital finance, platforms and training. Mr. Shultz indicated that the connectivity aligns market and political interests. The difficulty, however is to distinguish if one project, for example in infrastructure, is more market or politics-oriented. For example, he indicated that China's Belt and Road Initiative is a political issue for the EU and Japan, but it is more of a market-oriented matter for China.

Mr. Jason Collins, Chair of the European Australian Business Council and Chair of the European Business Organisation Worldwide Network (EBOWWN) made presentation on economic outlook for Europe and the EBOWWN. According to Mr. Collins, the EBOWWN can be a key intermediary for EU-Japan business partnerships in third countries.

Mr. Tomotsugu Iwata, Director, Invest Japan Department, Japan External Trade Organization (JETRO) explained JETRO's investment promotion activities. According to its "Survey on Japan's Investment Climate 2019," which analyze the perception of Japan's business environment among foreign-affiliated companies, Japan is attractive because of the size of its domestic market, its strategic location as a gateway to other markets, in particular in Asia, and the existence of suitable partners (companies, universities) with outstanding technology or products. Mr. Iwata said that the EU-Japan collaboration in third markets can be promoted with relevant European organizations with which JETRO has concluded memorandums of understanding (MoUs).

Mr. Ryoichi Abe, Director, Division 2, New Energy and Power Finance Department I, Infrastructure and Environment Finance Group, Japan Bank for International Cooperation (JBIC) explained their co-financing activities with the European Investment Bank (EIB). JBIC and EIB concluded an MoU in October 2018. But, even before signing MoU, examples of co-financing with EIB existed, Mr. Abe said. He indicated three such examples as Panama Canal expansion, Refinery Project in Egypt and Intercity Express Program in the United Kingdom. As for JBIC's support to projects in third market, Mr. Abe touched upon a windfarm project in Egypt and an offshore wind joint venture between Denmark and Japan.

Mr. Fabrizio Mura, EU-Japan Centre for Industrial Cooperation moderated the round table discussion on "dos and don'ts" and recommendations for successful collaborations in third markets. A total of seven panelists participated in the discussion. All of the three representatives of EU Chambers of Commerce & Industry (Brazil, Ivory Coast and Singapore) explained actual cases of EU-Japan cooperation in their respective region.

According to Mr. Maximilien Lemaire, EU Chamber of Commerce & Industry in Ivory Coast, Japanese companies prefer to partner with European companies to save costs and get benefit from their experience in the market when bidding in infrastructure building projects. Ms. Nele Cornelis, EU Chamber of Commerce & Industry in Singapore said that European companies appreciate partnerships with Japanese companies because of their expertise, the quality, their sales' channel, the similar values, and for being gateways to other markets in Southeast Asia.

Mr. Toyoaki Fujita, Business Development Executive, Toshiba Energy Systems & Solutions Corporation explained examples of collaboration with French companies in such renewable energy projects as hydraulic and geothermal in Africa. Drivers for these collaborations were complementary knowledge and experience, with Toshiba being specialized in geothermal projects, for example while French companies on construction

work. Co-financing by the EIB and JBIC/Nippon Export and Investment Insurance (NEXI) was very important for such projects in Africa, Mr. Fujita pointed out.

Mr. Jan De Turck, Sales Manager Japan & Korea of Septentrio, a Global Navigation Satellite System (GNSS) receiver manufacturer of Belgium explained their experience of cooperation with a Japanese system integrator. By working with a Japanese partner, Septentrio can exploit features that bring benefit in Asian countries. As for successful Japan-EU business collaborations, Mr. De Turck suggested first to understand the difference of negotiation process in the EU and Japan, then, tailor the right mix for each country/case can help to get the deal with appropriate conditions.

Mr. Jean-Pierre Ragaru, CTO of Ingérosec, made presentation on activities of Ingérosec, a French-Japanese joint venture, and examples of past collaborations with Japanese companies in Africa and Asia. He indicated that the complementarity has been the key for successful collaborations. Mr. Pierre Mustiere, CEO of Bouygues Asia explained examples of collaborations with Japanese companies in Asia, including construction of office/hotel/residential buildings in Myanmar and subway construction in Vietnam.

Mr. Shogo Yoshitake, Director, European Policy Division, Ministry of Foreign Affairs (MOFA) emphasized in his closing remark, that the EU-Japan relations are at a historical turning point with the signing of the Connectivity Partnership. He said the connectivity is very important for future EU-Japan cooperation from the following reasons.

- (1) Existence of strong momentum,
- (2) Concrete cooperation, engaging all means, and
- (3) Moving bilateral cooperation further forward

Next year, the EU-Japan Summit will be held in Japan. According to Mr. Yoshitake, preparations for the Summit have already started, and connectivity remains a priority topic. He went on to express his personal hope that the EU-Japan third country cooperation will develop in such a manner that geographical areas for cooperation are specified as in the case of the India-Japan “Factsheet”, which was agreed last year when Indian Prime Minister Modi visited Japan.

Ms. Patricia Flor, Ambassador of the European Union to Japan also stressed the importance of the Connectivity Partnership. She indicated that the political momentum is indeed strong and it is necessary to join our strengths together to focus on the implementation of the agreements. In this respect, the role of businesses is key, she said. Ambassador Flor disclosed that the new European Commission is elaborating on the possibility of funding cooperation projects on connectivity.

Prepared by Toshiro Fukura, Manager, Policy Seminars and Analysis



Mr. Philippe de Taxis du Poët inaugurated the seminar.



Round table discussion followed speech session



Discussion among speakers