

**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 AgreementEU-Japan
BRT	Business Round Table
DPA	Data Processing Agreement
DX	Digital transformation
DFFT	Data Free Flow with Trust
EASA	European Aviation Safety Agency
ECCG	The European Cybersecurity Certification Group
EPA	Economic Partnership Agreement
EU	European Union
EUCS	European Cybersecurity Certification Scheme for Cloud Services
GDPR	General Data Protection Regulations
GX	Green transformation
IAP	Institutional Arrangement for Partnership
ICT	Information & Communications Technology
IFR	Instrument Flight Rules
IoT	Internet of Things
ITA	Information Technology Agreement
JISC	Japanese Industrial Standards Committee
JSI	Joint Statement Initiative
MC	Ministerial Conference
MRO	Maintenance, Repair and Overhaul
NIS	Network Information Security
RE	Renewable Energy
SME	Small and Medium-sized Enterprise
R&D	Research and Development
WP	Working Party
WTO	World Trade Organization

Executive Summary

Highlights

Progress of the Plural Negotiation (WTO,G7)

In this year, EU and Japan had a great progress in the digital field.

Particularly, in the context of multilateral negotiations, the WTO Joint Statement Initiative on Electronic Commerce in July 2024 achieved a text that included a prohibition on the imposition of tariffs on electronic communications.

In addition, in the G7 Ministerial Declaration at Industry, Technology and Digital Ministerial Meeting held in March 2024, it was agreed to promote the Hiroshima AI Process.

Progress between EU and Japan

Through the EU-Japan Joint Statement at the Second EU-Japan Digital Partnership Ministerial Council held in April 2024, the cooperation on digital issues between EU and Japan had been advanced. At the 5th EU-Japan High-Level Economic Dialogue held in May 2024, both sides completed domestic procedures for the entry into force of the "free flow of data" provision of the EU-EPA Amendment Protocol.

Updates from the last year

In response to these developments in the digital field, the WP3 proposal encourages both Japan and EU to participate in the development of quantum technologies and advanced technology as trusted partners and add cooperation on the enforcement of the regulation of online-platforms in order to develop the EU-Japan relationship. In specific areas, the WP3 proposal encourages the cooperation on small unmanned aerial vehicles and systems.

Since 2025 is the year of the enforcement of regulations in the digital field in the EU, the industry would urge the EU authorities on matters related to the early adoption of guidelines for the EU AI Act and the Data Act.

Introduction

Digital Innovation

In the recent escalation of geopolitical tensions, the EU and Japan have established a strong cooperative relationship as like-minded countries sharing values and principles, which has become increasingly important in recent years.

In response to the growing uncertainty in international affairs, there is a strong need for economic security and the construction of robust and sustainable supply chains.

There is a need to promote public-private partnerships between the EU and Japan on common principles such as sustainability and reliability.

In addition, several important elections are held in the respective countries and regions in 2024. In particular, the policies of the new administration have been announced in the elections for the European Parliament, the Prime Minister of Japan, the President of the United States. Among the unstable situation resulting from the changes under the above-mentioned administrations, there is an increasing need for bilateral cooperation and international cooperation utilizing frameworks such as the G7.

Such an international framework is also important in the field of digital innovation, and the EU-Japan Digital Partnership launched in 2022 is regarded as the framework for identifying areas of common interest between the EU and Japan and promoting cooperation. It is hoped that EU and Japan will strengthen its cooperation with international frameworks such as the G7 and the Global South, which are affected by the digital divide, while focusing on EU-Japan cooperation which has similar values.

The BRT welcomes the agreement to promote the Hiroshima AI Process in the G7 Ministerial Declaration of the G7 Ministers of Industry, Technology and Digital held in March 2024.

The BRT also recognizes that the EU-Japan Joint Statement of the Second Ministerial Meeting of the EU-Japan Digital Partnership held in April 2024 has advanced EU-Japan cooperation on digital issues and welcomes the completion of domestic procedures on both sides at the 5th EU-Japan High-Level Economic Dialogue held in May 2024. BRT welcomes the inclusion of the EU-Japan Digital Trade Agreement into the EU-Japan EPA as a Protocol. The agreement, which officially entered into force on 1 July 2024, will facilitate business in digital markets thanks to its "free flow of data" provision.

The European Commissioners have been newly appointed and the second term of the President's administration will commence in 2025. New policies in the digital field such as AI and quantum is currently under discussion in EU. This recommendation has been made under these circumstances. The European Commission's three reforms: i) "Closing the innovation gap", ii) "A joint decarbonization and competitiveness plan", and iii) "Increasing security and reducing dependencies" require investment in R&D and human resource development to spur innovation and balance innovation with data protection and cybersecurity.

We hope that this proposal will contribute to a solution to strengthen the bilateral innovation ecosystem, promote economic growth between the EU and Japan, and

strengthen the relationship, with a view to promote cooperation in the areas of reliable and free data flow, bilateral cooperation in data governance, quantum-HPC computers, cybersecurity, and artificial intelligence, based on the realization of sustainable societies in both countries.

Recommendations from Both European and Japanese Industries

WP-3 / # 01* / EJ to EJ Cooperation in Rulemaking on Digital Trade to realize DFFT

The BRT calls on the EU and Japanese Authorities to:

- Keep negotiating to develop a higher standard, such as free cross-border data flows, prohibition of data localisation, especially usage or location of computing facilities as a condition for conducting business in the jurisdiction's territory, and of requiring access to source codes and algorithms, and non-discriminatory treatment of digital products for promoting digital trade.
- Keep their strong support for the conclusion of the WTO Joint Statement Initiative on the electronic commerce. BRT welcomes the "stabilized" text on the Agreement on Electronic Commerce that was published on the 26th of July 2024. Of particular importance for the BRT is the text which includes the prohibition of the imposition of customs duties on electronic transmissions.
- Encourage the United States to re-engage in the WTO Joint Statement Initiative on e-commerce. BRT takes note that the United States had decided to make a pause in supporting longstanding demands with respect to free cross-border data flow and regrets that the United States did not endorse the joint statement issued on 26th of July 2024. BRT believes that EU and Japan which had achieved a meaningful progress on free cross-border data flow of the EU-Japan EPA and amended related articles can advocate members of WTO to step up toward higher level of commitment.
- Pursue their utmost efforts to ensure that the stabilized text of July 2024 be deposited to the WTO General Council table and to request that it is incorporated in the WTO core set of rules as an Annex 4 of the WTO Treaty. BRT acknowledges that it will be an important step towards stepping the Agreement on Electronic Commerce as a legally binding instrument, setting up global rules on digital trade, stating what businesses can do and cannot do in the fast-evolving digital environment. The agreement is an important tool to promote the development of strong and interoperable regulatory frameworks in areas such as privacy and data protection, e-authentication, e-signature, e-contracts, e-invoicing, paperless trading, etc.
- Pursue work on the unfinished negotiations on crucial issues like cross-border data flows, prohibition of requiring data localisation, protection of code source and cyber security, so as to include them in the revision of the Agreement on E-Commerce when the time will be ripe.
- Cooperate in the development of government access rules for personal data held by the private sector.
- Work with like-minded governments and industry to develop a balanced approach to multi-sector data flows within trade agreements and international frameworks to enable DFFT. Rather than developing its own standards, it would ensure consistency with international standards on cross-border data exchange.

- In the Joint Statement of the Second Ministerial Meeting of the EU-Japan Digital Partnership and the Memorandum of Cooperation on Digital Identity signed on April 30, cooperation between the EU and Japan on organizational strengthening was confirmed.
- Cooperate in the OECD on the establishment of the IAP (Institutional Arrangement for Partnership).

The BRT believes that:

- The 14th WTO Ministerial Conference (MC14) will be a crucial meeting to renew the Moratorium on Customs Duties on electronic transmissions. The Moratorium has been extended up until MC14. Given that it is unlikely that the JSI on E-Commerce will be by that time legally binding for all its signatories due to usual national ratification processes, BRT urges the Japanese and European Authorities to keep the renewal of the Moratorium as a key priority for MC14. Failure to do so, it would mean that the WTO would allow the principle of accepting tariffs on services, which will be the major set back of the WTO since its inception.
- The 14th WTO Ministerial Conference (MC14) should also be an important meeting for resuming negotiation toward higher standard, such as free cross-border data flow, prohibition of data localisation requirement, especially usage or location of computing facilities in a jurisdiction's territory as a condition for conducting business in that territory, and prohibition of access requirement of source code and algorithm, and non-discriminatory treatment of digital products.
- Agreement of the EU-Japan EPA and adoption of mutual adequacy decisions for the protection of personal data provide unique building-blocks 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 / # 02* / EJ to EJ Cooperation through EPA and Digital Partnership between Japan and the EU to realize DFFT

The BRT calls on the EU and Japanese Authorities to:

- The BRT praises the entry into force on July 1st of the Protocol amending the Japan-EU EPA on the free cross-border data flow including prohibition of data localization requirement, including usage or location of computing facilities in a jurisdiction's territory as a condition for conducting business in that territory, however it should continuously be negotiated toward higher level of commitment to facilitate digital trade, and hence, EU and Japanese Authorities should continue their regulatory cooperation in the framework of the EU-Japan Digital Partnership and continue to work on fast evolving issues like Semi-Conductors, Artificial Intelligence and Quantum Computing, and aim for coherent legal framework as much as possible so as to avoid diverging legislation and regulatory requirements that would slow the innovation in these domains.
- Keep negotiating on EU Japan EPA to include non-discriminatory treatment of digital products for promoting digital trade, and prohibition of requirements of the transfer or disclosure of, or access to an algorithm expressed in the source code.

- Pursue dialogue between the two regions in a digital partnership, create mutual understanding of current and future regulatory frameworks, including data governance and rules, including IoT data, open data, and standards, and seek future collaboration and agreement in EPA's regulatory cooperation framework to eliminate legal uncertainties and complexities associated with decentralized data sharing across sectors and regions.
- Coordinate digital partnership governance.

WP-3 / # 03* / EJ to EJ Support for Social Implementation of Digital technologies

The BRT calls on the EU and Japanese Authorities to:

- Promote cross-regional projects by enabling interoperability that promote a data-driven economy through decentralised data sharing.
- Data formats should be standardised as far as possible using the same format to achieve the interoperability of data ecosystems between the EU and Japan.
- It is necessary to further accelerate technology deployment to enhance the competitiveness of Japanese and EU companies, and to address social issues such as global environmental issues. To achieve this, it is important to remove barriers to social implementation by deregulating, simplifying procedures, and developing environments such as special zones where technology can be demonstrated.
- It is necessary to foster digital technology literacy and social acceptance among citizens to correctly understand and utilize the benefits and considerations of digital technology.

The BRT believes that:

- The EU and Japanese Authorities are actively working to open data, but there are several countries and regions which are reluctant to open data. When DFFT will be expanded to all countries, the format must be as much as possible neutral in order to communicate effectively. From that time, it will be difficult to use different data formats in each country.
- As a practical example of an international data driven society based on DFFT, calculating the carbon footprint of a final product requires calculation across the entire supply chain. To meet this requirement, it is important to create an easily accessible environment for all actors, including small and medium-sized enterprises (SMEs).
- In order to promote the implementation of a data-driven society through public-private partnerships, opportunities for explanation will be proactively provided to all actors, including the general public, to ensure sufficient transparency and to secure participation by presenting clear use cases and their benefits.

The BRT calls on the EU and Japanese Authorities to:

- Pursue international harmonisation in the field of cybersecurity, in particular the alignment between the EU cybersecurity certification schemes and Japan's regulatory cybersecurity framework and the integration of international standards including on the certification and labelling of IoT devices and services.
- In preparation for the arrival of the quantum computer age in the future, EU and Japan should cooperate without having barriers in the development of quantum-safe security (Quantum Key Distribution (QKD), Post Quantum Cryptography (PQC), and the hybrid) technologies, products and services.

The BRT believes that:

- Security is necessary as a precondition for creating value in cyberspace and the realisation of digital transformation. Without taking appropriate measures, however, the 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 State based on the NIS2 directives 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.
- 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. EU and Japan should further promote technological cooperation as trusted partners.

WP-3 / # 05* / EJ to EJ Social Implementation of human-centred AI Technology

The BRT calls on the EU and Japanese Authorities to:

- Support, develop, and implement human-centred, trusted AI applications to protect citizens' fundamental rights.
- In order to achieve a balance between the reduction of social risks posed by AI and the maximization of benefits from innovation and utilization of AI, it is essential to engage in ongoing international discourse to clarify the nature, scope, and basis of regulations, as well as to establish methods for measuring and evaluating risks based on use cases.
- In order to counter the threat of counterfeit information and synthetic content that can be easily generated by the social implementation of generative AI technology, security against counterfeit information will be ensured, and an international cooperation system will be established with Japan and the EU playing a central role.
- Ensure appropriate protection for copyright holders, while promoting the utilization of AI.
- Authorities should consult with all relevant stakeholders to consider under what circumstances works created through using AI tools should be protected by copyright.
- Avoid imposing responsibilities of risk management and legal liability only on AI system developers, recognising 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 standardisation between the EU and Japan (JISC), promote the development and deployment of human-centred and reliable AI in both regions, and cooperate with international standards organisations (ISO/IEC JSC). A key area for cooperation should be the development of accurate standardisation framework for ethical AI applications.
- In order to facilitate SMEs' business expansion into new markets in AI, support will be provided in terms of providing information to SMEs and securing human resources.
- Businesses are required to develop, provide, and utilize trustworthy AI. Japan and the EU, in collaboration with relevant agencies in each country and region, should promote the development of standards that contribute to safety improvement along with creating a business-friendly environment, the development of evaluation methods and technologies, and the sharing of best practices.
- It is necessary for the EU and Japanese authorities to strengthen collaboration with the international community, including the United States and the Global South, and to promote discussions on research, development, and utilization with a focus on solving social issues.

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. However, we must be very careful in implementing suitable measures, as the potential risks associated with Artificial Intelligence vary considerably across different industries, contingent upon the specific manner in which it is utilized and deployed.
- Artificial Intelligence has the potential to bring innovation to our roads, increasing road safety and making our transport system more accessible.

WP-3 / # 06 / EJ to EJ ITA / ITA2 Expansion

The BRT calls on the EU and Japanese Authorities to:

- Cooperate on expanding ITA / ITA2 by increasing the number of member countries and expanding the scope of products covered and coordinate in coping with violations of WTO binding commitments by third countries based on ITA / ITA2 expansion.
- Furthermore, the expansion of ITA should enable citizens of Japan and the EU to benefit from the evolving IoT technology and DX, including AI.

WP-3 / # 07 * / 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.
- Taking into consideration the progress of innovation such as Open RAN, cloudification, virtualization and edge computing, promote open 5G networks, encourage free and vigorous competition in the 5G equipment and software market, and enhance the resilience of the supply chain, based on the agreements reached at the Japan-EU ICT Policy Dialogue and the second Japan-EU Digital Partnership Ministerial Meeting held in 2024.
- Facilitate the sharing of practical and effective use cases for 5G network applications and deployments. In the development of 6G, it is necessary to promote the development of technologies and applications that will be realised on6G 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 technologies for accomplishing “Society 5.0” such as “A human-centred society that balances economic advancement with the resolution of social problems by a system that highly integrates cyberspace and physical space”². 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 because of the need for a vast amount of relevant and trustworthy data as well as their analysis are required across borders to tackle various global challenges such as climate change, natural disasters and infectious diseases.

WP-3 / # 08 / 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 utilising the next generation computing infrastructure.
- Strengthen investment in the development and maintenance of a robust energy infrastructure, including renewable energy sources, taking into consideration the substantial power consumption associated with the advancement of next-generation computing infrastructure.
- Work on lowering the regulatory barriers in order to tap into the full technological potential in the context of quantum computing and quantum chip development and production.
- In the EU, the European High Performance Computing Joint Undertaking (Euro HPC JU) was established in 2018, and funds quantum computers and other resources. With regard to the quantum computer procurement project that has already been announced, the bidding target is limited to companies in the countries participating in the Digital Europe Programme. In order for Japanese companies to be eligible to bid for the project, Japan needs to participate as an "Associated countries" of the Digital Europe Programme. Therefore, BRT requests the Japanese authorities to negotiate participation.

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 utilise a variety of data to solve problems and create new value.
- Establishing next generation computing platforms with advanced computing capabilities, such as HPC, AI, quantum inspired, and quantum computing; and creating an environment that can be used by many users will greatly contribute to solving complex social issues and realising innovation.

WP-3 / # 09 * / EJ to EJ Cooperation on Supply Chain Resilience

The BRT calls on the EU and Japanese Authorities to:

(Semiconductors)

- Become an “active player” in the semiconductor value chain and build the whole ecosystem of capacities (front-end, back-end, equipment, materials, labour and energy) / competences around semiconductors.
- Share learning and build capacities for EU-Japan cooperation in the manufacturing of all types of chip technologies.

(Critical Minerals)

- Share learnings and build capacities for EU-Japan cooperation in the sourcing, refining, and trading of critical minerals.
- Promote a level playing field for EU and Japanese companies when it comes to supply chain resilience.

The BRT believes that:

- Global semiconductor demand is increasing significantly. Demand by the automotive sector will triple by 2030 due to autonomous driving, increasing vehicle connectivity, shared services and powertrain electrification. Besides state-of-the-art cutting-edge technologies, chips with bigger nodes (≥ 90 nm) are essential as they represent the largest share of demand from automotive sector.
- The transformation of the mobility and other industries requires a stable and sustainable supply of critical minerals (for e.g., batteries, advancement of key technologies). To reduce excessive dependencies on certain countries, diversification and strategic cooperation among like-minded countries are required.

WP-3 / # 10 * / EJ to EJ Skill Development for Digital Economy

The BRT calls on the EU and Japanese Authorities to:

- Take actions and invest to gain benefits and confidence in digital transformation including on cyber security, AI, Robotics Simulation, Metaverse and Blockchain and other technologies such as semiconductor technologies that supports them.
- Support the creation of the skills which are necessary to fulfil the requirements of the new job opportunities coming from new technologies.
- Foster the digitalization of SMEs and their participation in the digital economy.

The BRT believes that:

New technologies such as AI and Robotics as well as semiconductor technologies that supports them should be perceived as new opportunities to create jobs and economic growth.

WP-3 / # 11 / 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. To achieve these goals, we recommend:
 - Keeping a close look on copyright levy developments in the EU Member States with a view to prevent internal market distortions.
 - Ensure that the Member States properly implement EU legislation and case law.
 - Coming forward with a recommendation for a clear and common approach to the calculation and application of copyright levies.

WP-3 / # 12 * / EJ to EJ R&D cooperation

The BRT calls on the EU and Japanese Authorities to:

- 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 realise innovation development and social implementations under these programmes.
- 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.
- Deepen R&D cooperation on semiconductors, AI, Quantum Technology, blockchain, 6G, hydrogen and fuel cells.
- BRT welcomes that Japan started negotiation to become an Associated countries of the Horizon Europe in December 2024 to promote research and development. Since Canada and the Republic of Korea have concluded Associate countries negotiations in July 2024, both authorities should boost the negotiation and the Japanese participation will be accelerated to ensure Japanese competitiveness and promote the cooperation of EU-Japan research and development.

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, innovation in both regions should accelerate.

WP-3/ # 13 / EJ to EJ Cooperation in the Enforcement of Large Online Platform Regulations

The BRT calls on the EU and Japanese Authorities to:

- Continue to exchange information closely to ensure the effective implementation and enforcement of the Digital Markets Act and the Act on Promotion of Competition for Specified Smartphone Software.

What BRT believes

- Given that the entities regulated under the Act on Promotion of Competition for Specified Smartphone Software are designated as gatekeepers under the Digital Markets Act, sharing knowledge gained from the implementation and enforcement of regulations in each jurisdiction will make each regulation more effective.
- In particular, when it comes to app store and operating system (OS) interoperability, if a gatekeeper justifies its actions on the grounds of security or, privacy, the gatekeeper must demonstrate that these actions are the least restrictive means available. The effectiveness of enforcement can be enhanced by the two governments working together to evaluate the grounds of justification provided by the gatekeeper.

WP-3 / # 14 / EJ to EJ Cooperation Towards Harmonised Deployment of Advanced Driver Assistant Systems (ADAS) and Automated Driving (In joint proposal with WP1 Regulatory Cooperation)

The BRT calls on the EU and Japanese Authorities to:

- Enhance cooperation to harmonise regulatory frameworks and roadmaps to deploy automated and connected driving in a consistent and synchronised manner.
- Continue to lead efforts to create international standards and interoperability frameworks in the domain of automated and connected driving.
- Align with the EU's General Safety Regulation and its delegated regulations on Intelligent Speed Assistance (ISA), Emergency Lane Keeping Assistance (ELKS) and Advanced Driver Distraction Warnings (ADDW)

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 synchronised.

WP-3 / # 15 / EJ to EJ Early publication of guidelines for the EU AI Act

The BRT calls on the EU and Japanese Authorities to:

- The EU AI Act, published in the Official Journal of the EU on 12 July 2024, introduces various rules on AI systems and general purpose AI models (GPAI models), including the prohibition of certain types of AI systems and the regulation of high-risk AI systems.
- The EU AI Act has extraterritorial applicability and is broadly applicable to companies and organizations outside the EU. For example, the EU AI Act applies to providers that market AI systems, launch services or launch general-purpose AI models in the EU, as well as to providers and deployers of AI systems whose outputs are used in the EU, even if such provider or deployer is established in a third country or is located outside the EU.
- The provisions on the prohibited AI Practices shall apply from February 2, 2025. The European Commission's practical guidelines (including FAQs) on "prohibited AI practices", including the definition of "AI systems", should therefore be issued as soon as possible.
- In addition, Japanese companies and organizations that provide and deploy AI systems need guidelines for extraterritorial application of the EU AI Act. BRT urges the European Commission to promptly develop and publish guidelines on the scope of the EU AI Act.

The BRT believes that:

- In order to comply with the EU AI Act, it is necessary for the European Commission to publish guidelines on the EU AI Act that would help industry comply with the various rules in the Act (guidelines on the Act's extraterritorial scope, on prohibited AI systems) at an early stage.
- The interplay between the AI Act and other legislation for doing business in the EU, such as the Radio Equipment Directive, the Cyber Resilience Act, etc., should be clarified, particularly in relation to the conformity assessment process to obtain CE marking before being placed on the market.
- The definition of high risk AI should be clearly defined by showing some use cases or specific example AI systems or services embedded in products.

WP-3 / # 16 / EJ to EJ Early publication of guidelines for the EU Data Act

The BRT calls on the EU and Japanese Authorities to:

- The EU Data Act was issued on January 11, 2024 and is due to come into force on September 12, 2025. The EU Data Act was enacted as part of the European Data Strategy published by the European Commission. However, there are a number of uncertainties regarding its interpretation, making it difficult for companies to understand their compliance obligations.
- Toward publishing guidelines, the BRT requests that FAQs which the European Commission published on 13 September 2024 should be updated and extended so that more guidance is given to companies on how they should comply with the Data Act. The BRT also requests that the European Commission prepares and publishes guidelines on the scope of the EU Data Act as well as practical issues related to its interpretation, well in advance of its application date of September 12, 2025.

The BRT believes that:

- In order to comply with the EU Data Act, it is necessary for the European Commission publish guidelines on the EU Data Act at an early stage.
- Since Standard Contractual Clauses (SCCs) can help all stakeholders including SMEs which do not have enough resources to prepare for Data Act implementation, it is highly recommended to publish at an early stage as well.

Aeronautics

WP-3/ # 17 / 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/ # 18 / EJ to EJ Industrial Cooperation in Unmanned Aerial Vehicle and systems (UAV)

The BRT calls on the EU and Japanese Authorities to:

- Establish a permanent dialogue aiming to initiate EU-Japan industrial cooperation in R&D and production in the strategic sector of UAVs and autonomous unmanned systems.

WP-3 / #19 / 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 / #20 / 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 / #21 / EJ to EJ Regulatory Cooperation in Space Operations

The BRT calls on the EU and Japanese Authorities to:

- Continue to cooperate closely on regulatory matters in the space sector, and not lose the momentum, in addition to maintain our collaboration on all aspects of businesses.
- Consider setting up an EU-Japan Space Industry Forum to meet systematically shortly after each EU-Japan Space Dialogue and to be supported and jointly held by governments and industries, with the goals of:
 - Better communicating key outcomes of the EU-Japan Space Dialogue;
 - Furthering industrial cooperation; and
 - Supporting the growth of a private space ecosystem

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 realise their full potential in the global market. The EU-Japan Space Policy Dialogue significantly promotes cooperation in Space and should be held a regular basis. Whereas European space companies, including SMEs, have mutually intercommunicating organisations (Eurosace, SME4space, national space industry associations) with formal communication channels to the institutional space customers, there is no such general channel to link EU and ESA member state space companies with the Japanese counterparts.

WP-3 / # 22 / 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 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 / # 23 / EJ to EJ Coordinated funding of battery production

The transformation of the mobility industry requires innovation and investment in battery technology. In order to reduce dependencies and remain internationally competitive, targeted funding is required.

The BRT calls on the EU and Japanese Authorities to:

- Coordinate funding of battery research, development, and production among like-minded countries which supports cell production and associated value creation in the EU and Japan.
- Provide cheap, green energy for battery production sites.

WP-3 / # 24 / EJ to EJ Promote charging infrastructure for electric vehicles (EVs)

Electric mobility requires governmental support in setting up and sustaining the necessary environment, especially the development of charging infrastructure.

The BRT calls on the EU and Japanese Authorities to:

- Share learnings regarding the promotion of electric mobility and the mobilisation of investment and build-up of international interoperable public and private charging infrastructure for EVs (passenger cars and heavy-duty vehicles).
- Develop customer-friendly and sufficient public and private charging infrastructures, including, e.g., a variety of choices for high-power charging along highways, subsidies for attractive home chargers, chargers in urban and rural areas incl. parking lots, subsidies regardless of charging standard, in EU member states and Japan.
- Promote exchanges between EU and Japanese companies on future charging standards and consider alignment of charging-related requirements and certifications.
- Promote exchanges on next-generation storage batteries and grid-flexibility, including potentials of bidirectional EVs.
- Provide green energy for EV charging.

WP-3 / # 25 / EJ to EJ EU-Japan industrial leadership in battery design & manufacturing

The BRT calls on the EU and Japanese Authorities to:

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

Recommendations from European Industries

WP-3 / # 26 / 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.

WP-3 / # 27 / E to J Accelerate the digital transformation

The BRT calls on the Japanese Authorities to:

- See innovation as an opportunity and not as a cost.
- Build digital maturity centres to support the transition to be competitive again. For example, establish inside universities centres with repeatable process to validate actual status versus the latest technologies in R&D and manufacturing, building a road map to fill the gap.

The BRT believes that:

- EU and Japan need to work together to gain competitiveness and play an active role in accelerating digital transformation.

WP-3 / # 28 / E to J Retain motivated engineers in Japan

The BRT calls on the Japanese Authorities to:

- Increase the value of living in Japan in order to attract the best talents.

The BRT believes that:

- Low compensation will let talents to go outside, so need to be aligned with the global market.

WP-3 / # 29 / E to J Cooperation towards a protective but easy to implement regulatory frameworks around digital services and trade

The BRT calls on the Japanese Authorities to:

- Adopt similar environmental and consumer protection rules to the European Union, enabling Japanese small, medium-sized and large businesses to maximise the development of digital service and promote trade, particularly online, between Japan and the European Union.

The BRT believes that:

- In a very fast-expanding legal context, notably in the digital sector or in the sale of goods online and offline, the compliance and regulatory framework actually developed by the European Union around the notion of “risk” such as in the AI domain or in the environmental domain (see the fragmented and complex EPR framework in the EU) should not lead to greater complexity in the free movement of goods between the EU and Japan, nor should it render the compliance of players in different EU countries geometrically variable, which could lead to a reduction in the willingness to develop digital services within the EU or reduce the willingness of Japanese economic operators to trade in Europe.

Recommendations from Japanese Industries

WP-3 / #30 / J to E Early publication of guidelines for the EU Cyber Resilience Act

The BRT calls on the EU Authorities to:

- The EU Cyber Resilience Act was entered into force on Dec 10 in 2024 by the European Commission and will apply from Dec in 2027. The Act was designed to impose certain security requirements on digital products distributed on the European market.
- The EU Cyber Resilience Act stipulates to apply to companies and digital products, but the scope of digital products is broad. So Companies need clear guidelines to fulfill the some obligations in the Act such as continuous monitoring and updating. The BRT requests that the European Commission prepare and publish guidelines on the scope of the EU Cyber Resilience Act prior to its implementation in 2027.

The BRT believes that:

- In order to comply with the Cyber Resilience Act, it is practically necessary to publish guidelines at an early stage.
- The scope of digital products and obligations such as continuous monitoring and updating should be clearly written in the guideline.

WP-3 / # 31 / J to E Removal of the sovereignty requirements for the EUCS

The BRT calls on the EU Authorities to:

- Ensure the removal of the sovereignty requirements for the cloud services cybersecurity certification scheme (EUCS), which have been considered by experts in the European Cyber Security Certification Group (ECCG), These requirements include for storing data within the EU and excluding companies established in non-EU contracting states, in the context of the EU-Japan Digital Partnership, which aims to promote cooperation in the digital field and promote economic growth between the two countries.

The BRT believes that:

- Sovereignty requirements for EUCS may also apply to companies headquartered outside EU (including Japanese companies), impeding the free flow of data and constituting a de facto barrier to market access. It is desirable to take measures in light of the EU-Japan Digital Partnership, which aims to promote cooperation in the digital field and promote economic growth of both countries.

*This recommendation is supported by the Japanese side but not by the European side.

New Recommendation Contents in this Paper

Numbers	Contents	Authorities
WP-3/#08	Development of Next-Generation Computing Infrastructure (EuroHPC JU)	EJ to EJ
WP-3/#13	Cooperation in the Enforcement of Large Online Platform Regulations	EJ to EJ
WP-3/#15	Early publication of guidelines for the EU AI Act	EJ to EJ
WP-3/#16	Early publication of guidelines for the EU Data Act	EJ to EJ
WP-3/#18	Industrial Cooperation in Unmanned Aerial Vehicle and systems (UAV)	EJ to EJ
WP-3/#30	Early publication of guidelines for the EU Cyber Resilience Act	J to E
WP-3/#31	Removal of the sovereignty requirements for the EUCS	J to E