

## **POSITION PAPER**

### **THE JBCE'S REPLY TO THE PUBLIC CONSULTATION ON THE EUROPE2020 STRATEGY**

The Japan Business Council in Europe (JBCE) would like to thank the European Commission for this opportunity to express its views on the Europe 2020 strategy through the public consultation.

#### **1. About the JBCE**

**The JBCE is a leading organisation that focuses on the EU-Japan business relationship.**

The JBCE was created in 1999 and represents the interests of almost 70 multinational companies of Japanese parentage active in Europe. Its members operate across a wide range of sectors, including information and communication technology, electronics, chemicals, automotive, machinery, wholesale trade, precision instruments, pharmaceutical, railway, textiles and glass products. In 2013 JBCE Members represented EUR 1.4 trillion in global sales.

**The mission of the JBCE** is to pursue a triple-pronged objective:

- 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 the 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.

In line with this mission, **the three JBCE priorities** are to:

1. Promote open trade and investment
2. Encourage a common regulatory framework
3. Foster responsible business conduct

## ***2. The Europe 2020 strategy and the JBCE***

The mission and the priorities of JBCE align with the core of the Europe 2020 strategy. Accordingly, the JBCE has repeatedly expressed support for Europe 2020 through its [Annual Report](#)<sup>1</sup> and through the EU-Japan Business Roundtable [Recommendations](#).<sup>2</sup>

Businesses, wherever they are based, need a clear legal and regulatory framework to effectively operate and grow.

**The JBCE promotes international standards** that will enable businesses to compete on a level playing field and to contribute to economic growth.

**Mutual engagement from the EU and Japan for better regulatory cooperation is crucial** to foster sustainable competitiveness and smart innovation in both economies.

**The JBCE promotes the implementation of common regulatory frameworks and international standards** in a number of sectors in order to enable businesses to operate in a predictable, transparent and harmonised regulatory environment.

**JBCE Members have a long history of pursuing sustainability and are strongly committed to environmental legislation.** This is why the JBCE stands for increased international cooperation and harmonisation of environmental regulations and standards in key policy areas such as energy efficiency, environmental footprint, and chemical substance management.

Furthermore **the JBCE looks forward to deeper cooperation between Japanese and European industries and research institutes under Horizon 2020, the EU's RTD program for 2014-2020.**

**The JBCE supports the European Commission's call for immediate action for a European Industrial Renaissance.** Such a policy should enhance the competitiveness of European industry through liberalisation and deregulation rather than protection.

## ***3. The impact of the Europe 2020 strategy***

Concerning the impact of the Europe 2020 strategy, the JBCE considers that **the progress of the Single Market Act (I and II) will have a positive impact on businesses** in a sustainable way.

The Europe 2020 strategy has made policy makers' focus to issues essential for the EU and its Member States. In addition, the European Semesters have made the

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<sup>1</sup> [http://www.jbce.org/cms\\_documents/2014%20JBCE%20Report\\_EN%20FINAL%20140403.pdf](http://www.jbce.org/cms_documents/2014%20JBCE%20Report_EN%20FINAL%20140403.pdf)

<sup>2</sup> <http://www.eu-japan-brt.eu/joint-recommendations-authorities>

economic and fiscal policies of the Member States increasingly coherent. If continued, the EU and its Member States should be able to realise important gains in a medium term.

#### ***4. Future involvement of the JBCE in the Europe 2020 strategy***

The JBCE would like to be involved in the Europe 2020 strategy in the areas that are relevant to its members, e.g. **the further development of the Single Market**, in particular, in chemical regulations, taxation, company law, CSR policy, product safety and market surveillance, and environmental regulations. Furthermore, the JBCE would like to be involved in **the realisation of deeper cooperation between Japanese and European industries and research institutes in research and development**, for example, through the comprehensive EU-Japan Free Trade Agreement / Economic Partnership Agreement.

#### ***5. The added value of the seven action programmes for growth***

The value of the seven action programmes for growth is that **these action programmes have given concrete ideas as to how Europe 2020 could affect people and businesses**. Equipped with these concrete ideas, businesses have clearer ideas on how and what to contribute to the policy formulation. Of particular importance for JBCE and its Members are the following action programmes:

1. "Digital agenda for Europe";
2. "Innovation Union";
3. "Resource efficient Europe";
4. "An industrial policy for the globalisation era".

#### ***6. The necessity of a comprehensive and overarching medium-term strategy for growth and jobs for the EU***

In the context of adapting the Europe 2020 strategy for a post-crisis Europe, the JBCE believes that **the EU needs a comprehensive and overarching medium-term strategy for growth and jobs for the coming years**. It will enable limited resources, including political will to make changes, to be deployed more efficiently.

#### ***7. The most important and relevant areas in order to achieve smart, sustainable and inclusive growth***

In order to achieve smart, sustainable and inclusive growth, the JBCE believes that **further and continuous improvement of the European Single Market is the most**

**important and relevant area to be addressed.** The Single Market, in other words, is the most valuable source of the smart, sustainable and inclusive growth of the EU.

**The JBCE would like to emphasise the importance of the following priorities** for the single market, which is EU's most valuable resource to usher in smart, sustainable and inclusive growth.

- Further improvement and realisation of the true single market of chemical materials;
- Business environment;
- Taxation;
- Intellectual property rights;
- Consumer empowerment;
- Services;
- Networks;
- The digital single market;

The strength of the European economy is, furthermore, built on a set of values that will lead to sustainable economic development. **Corporate social responsibility is a pivotal contributor** to the EU's objectives of sustainable development and highly competitive social market economy. Considering the relationship with Japan, for example, **the JBCE believes that fostering responsible business should be at the heart of the EU-Japan economic and political partnership.** Business responsibility and integrity should go beyond administrative functions, enhanced disclosure and improved reporting. It should be firmly embedded in the mission, organisation and governance of businesses.

Thus, **the JBCE supports the introduction of a flexible and principle-based policy framework for CSR** that will strengthen long-term competitiveness and meet the expectations of stakeholders in various communities. **The JBCE also supports the creation of incentives for leading companies that proactively assume their corporate and societal responsibilities.**

## ***8. New challenges to be taken into account***

In improving the Single Market, **the EU and its Member States should not only aim at the harmonisation of national rules at the EU level but also at the liberalisation and deregulation.**

Given the estimation that in the next 10-15 years, 90% of the world's growth will come from outside the EU, the JBCE would like to emphasise that **an internationally open**

**European Single Market is essential** for the smart, sustainable and inclusive growth of the EU.

The JBCE promotes open markets for trade and investment. The JBCE places the free flow of goods, information and services, and the creation of a favourable environment for cross-border investment at the top of its agenda. **The JBCE supports the deepening of EU-Japan trade relations through an ambitious Free Trade Agreement (FTA) and fair market access** that will contribute substantially to industrial growth and job creation.

**The JBCE promotes the implementation of common regulatory frameworks and international standards** in a number of sectors in order to enable businesses to operate in a predictable, transparent and harmonised regulatory environment. **To achieve the goal of regulatory cooperation between the EU and Japan, dialogue among policy makers, regulators and businesses of the both regions must be encouraged.**

Beyond bilateral agreements, the JBCE fosters cooperation between the EU and Japan to realise **new multilateral agreements in the World Trade Organisation** in order to bring economic advantages to all parties. **Securing the optimisation of returns on investment is another key area.** Business environment should support the timely development of business. In particular, administrative hurdles that companies face in developing and integrating their European business activities should be removed.

## **9. Link to other EU policies**

By setting the liberalisation and deregulation as the overall tone for all the EU policies, the Europe 2020 strategy would be firmly linked to other EU policies.

## **10. Appropriate instruments for achieving smart, sustainable and inclusive growth**

The JBCE has observed that **policy coordination at the EU level** seems to work better in recent years than before the crisis. **The EU should seek an optimal mix of such an approach and harmonisation through Directives/Regulations.** The JBCE would like to emphasise, however, that the EU should develop policy through Regulations in the areas in which **the uniform application of policy throughout the EU is crucial.**

## **11. How to encourage Member States to put a stronger policy focus on growth**

In order to encourage Member States to put a stronger policy focus on growth, the JBCE believes that it will be easier for Member States to follow a success story.

**Benchmarking and application of best practices may then facilitate Member States putting a stronger policy focus on growth.**

### ***12. The usefulness and the limit of targets***

Concerning the usefulness of setting targets, **quantitative targets are useful** as a guideline for the evaluation of the effectiveness of a policy. The JBCE believes, however, that **the means and process to achieve these targets and how policies are implemented are more important** for the smart, sustainable and inclusive growth of the EU than whether or not certain targets are achieved by 2020.

### ***13. Closing remarks***

**The JBCE would like to reiterate the importance of the European Single Market** for smart, sustainable and inclusive growth in the EU. By continuing further liberalisation and deregulation in the Single Market, the EU should be able to achieve the goal of smart, sustainable and inclusive growth.

**The JBCE also would like to promote comprehensive EPAs** that have vast potential to promote innovation and competition, generate economic growth, disseminate democratic values, and benefit consumers.

To realize the common regulatory framework, **the JBCE supports the regulatory cooperation between the EU and Japan** through dialogue among policy makers, regulators and businesses of the both regions.

Furthermore, **JBCE feels the necessity of having a long-term vision, say, issues that are important for the relationship between the EU and the other regions for the next three decades.**

**Such a long-term vision would include the following elements:**

- Frequent communication between regulators and businesses of both regions to cooperate in the development of common policies and regulations, as well as international standards;
- An area of common regulatory environment has been firmly established for a long time.
- Policy makers, regulators and players such as businesses and consumers are comfortable with the common regulatory environment.
- Lots of businesses – not only large businesses but also SMEs can do business just as easily in both regions as in one of the regions.

- Experimenting and successfully implementing solutions for new political, economic or societal issues through close cooperation at many levels: governmental, academic, societal as well as commercial levels.
- The two economies have overcome many of the current key issues such as an aging society, sustainable economic development and international standardisation, and have been disseminating their experience to the rest of the world acting as leaders on cutting edge issues.
- The EU-Japan relations have been the source of inspiration and innovation and have strengthened and improved the other relationships, for example, between the US and the EU, the US and Japan, and among Asian countries, in a direction that has expanded a common regulatory environment globally.
- The world at large has benefitted from EU-Japan relations.

The JBCE would like to emphasise that the EU and Japan could lead the world through wider and deeper cooperation. The JBCE commits itself to the role of a facilitator and will bring all the necessary expertise and goodwill in order to deepen the cooperation between the two regions.