



*Hajime Tsuruoka, JBCE President,
and European Commissioner Erkki Liikanen*

EDITORIAL

Letter from the President

It gives me great pleasure to introduce the first issue of the JBCE Newsletter.

JBCE is made up of representatives of Japanese corporations that have research and development, manufacturing and marketing operations in the European Union, and who share a genuine commitment to the growth and competitiveness of Europe. Whilst most of our Members have been operating in the European Union for many years, JBCE will give them the opportunity to improve and enhance their contribution to Europe's future development.

Started by a core group of companies in 1998, with the active support of the Brussels Office of the Japan Machinery Centre for Trade & Investment, JBCE became a legal entity in 1999, opting for the Association Internationale Sans But Lucratif (AISBL) status. The structure chosen consists of six committees dealing with different policy areas: consumer policy; corporate policy; environment; information society; standards and conformity; and trade policy. A further two committees deal with logistic matters: planning and public affairs. Over the past few months, the keen interest generated by this initiative within the Japanese business community has led to an increase in membership, with some twenty-six companies presently taking part.

JBCE will be pursuing two key objectives. Firstly, Members will welcome the opportunity to present their views on major EU legislative initiatives and, more generally, on EU policy issues of particular interest. I feel confident that experiences gained in Japan in many fields, such as environmental protection or the impact of digital technologies, will provide interesting input to the EU debate. Secondly, JBCE is looking forward to becoming a discussion platform between Japanese entrepreneurs and their European peers, European Commission officials, Members of the European Parliament, the media and NGO representatives. Our European friends from the business community have been rightly pressing us to set up the type of organisation JBCE wants to be.

I consider it a great honour to have been elected JBCE President. JBCE members, with their sound knowledge of the EU, their business expertise and their commitment to this new organisation are the foundation on which we will build success and recognition. My colleagues and I know, however, that greater success and full recognition will depend upon the support of our many European colleagues. I thank you all in advance for guiding us and helping us, and for sharing with us a commitment to a more competitive and successful European Union, which is of benefit to all European citizens.



Hajime Tsuruoka, President, Canon Europa

Official inauguration of JBCE - March 2000

The JBCE Inauguration Party, attended by approximately 160 persons, was held on Tuesday, 22 March 2000 at the Hilton Hotel Brussels.

Officials from the European Commission, Members of the European Parliament, diplomats from various countries and executives from European Industry Associations kindly joined us and showed a strong interest in our potential contribution to European Union public policy.

JBCE was particularly honoured to welcome Mr. Erkki Liikanen, European Commissioner for Enterprise and Information Society, and H.E. Takayuki Kimura, Ambassador of Japan to the European Union as speakers.

We would like to thank all attendees for their encouragement and support.



Speech delivered by Mr. Erkki Liikanen, European Commissioner for Enterprise and Information Society on the occasion of the JBCE Inauguration Party

Your Excellency,
Ladies and Gentlemen

It is really a great pleasure for me to be here with you today. Today, we are adding yet another piece to the complex big show of expanding bilateral relations through the formal creation of the Japan Business Council in Europe. Overall, EU-Japan relations have been developing steadily, at some times cautiously, but anyhow developing over the last decade. We might be fierce competitors on the global markets but we also face similar challenges which bind us together.

This continuous strengthening of our relations has happened against a backdrop of growing political and economic interdependence between the EU and Japan, the globalisation process and the changing regional framework. Our political relations are evolving in response to regional and global challenges and the Commission is working together with the Japanese authorities on how to translate these shared values into concrete action.

In this respect, I believe that truly significant areas of action deserve to be highlighted. Japan has come to the assistance of Europe through its generous humanitarian aid and restructuring assistance to the war-torn Balkan countries and the EU has contributed

to securing peace stability on the Korean Peninsula through KEDO and the provision of humanitarian and food aid. Since the adoption of the 1991 joint declaration which lays the foundations for our cooperation, we have in parallel pursued close cooperation on bilateral and multilateral trade issues to our mutual benefit. As a result, we can see that traditional trade disputes have, with very few exceptions, such as leather footwear, been significantly reduced during the 1990s.

In the multilateral field, Japan and the EU developed close co-operation before the WTO ministerial meeting in Seattle last year and both parties have expressed their desire to continue this fruitful co-operation which is based on shared views on the relaunch of a new round and its possible content. The WTO cannot afford a second humiliating failure and all parties must now work together to achieve the goal of continued free economic expansion and a strengthened rule-based system which reflects the economic realities of today's world.

Foreign Minister Kono has taken the initiative to develop our relationship even further by launching the concept of the Millennium Partnership. These are very interesting steps forward which we are currently analysing. Clearly, this new development includes you in your capacity as the Business Council and your efforts to turn this concept into real action is welcomed. Turning to our bilateral trade contacts and those that concern my services and my responsibilities in particular, the Industrial Policy Dialogue constitutes the center piece in the DG Enterprise - MITI co-operation. We expect this Dialogue to gain in importance and we should,

during the next meeting, which is scheduled for April, see how its potential could be further exploited.

A first step would be to further intensify our co-operation on standardisation and regulatory issues. But we should also discuss industry and environment issues such as heavy metals policy, electronic waste and end-of-life vehicles issues, all are issues that I know the JBCE has been actively pursuing with the Commission.

Another area where EU–Japan economic relations are developing in a very positive way is the EU-Japan Business Dialogue Round Table. I note that several member companies of the JBCE are also represented here today. I welcome the growing commitment to the Round Table process displayed by both EU and Japanese industry. Both sides have now identified the joint list of topics to be discussed and upon which the Round Table will make recommendations to the EU-Japan Summit scheduled for the 16th and 18th of July in Tokyo.

Tomorrow, the Lisbon Summit starts and I hope this summit will show concretely that Europe is on the move again. It will relaunch Europe as an innovative, entrepreneurial continent and it will accelerate our development towards the Information Society. These challenges of the Information Society, which is globalised by character, and the challenge to create a more entrepreneurial and innovative Europe

combine also our two economies. I am sure we have a lot to discuss on these issues with you in the future and particularly I await with great interest the Business Round Table in this context in July. Thank-you very much for your invitation and for good co-operation so far.



European Commissioner Liikanen

FEATURE ARTICLES

A Trip from eEurope to eWorld

Tetsuo Karaki

Representative, Fujitsu Limited European Affairs

JBCE strongly supports the European Commission's initiative entitled "eEurope – An Information Society for All" which was presented last December. We consider the 10 priority areas, mentioned in the eEurope initiative, as very important. We submitted our comments on this initiative to the European Commission in April. Based on our experiences in Japan, these are aimed at making eEurope more effective and a better initiative for all.

In fact, the Japanese Government has been working on a similar initiative. The primary target areas of the Japanese initiative include:

1. the legal framework for the promotion of e-commerce;
2. information technology in the public sector;
3. information technology in education; and
4. network infrastructure and related technologies.

As part of this initiative, the Japanese Government has prepared a bill on electronic signatures which is scheduled to be submitted to the Diet (Japanese Parliament) this spring. With respect to the protection of privacy, different structures such as a basic law and individual laws by industry sector are being examined, and it is expected that a bill will be submitted to the Diet next year. The general approach adopted is to

minimise legal restrictions as much as possible, as is the case in the United States and Europe.

The private sector is also very active in the "information society" area, and has developed new business models. One of them is access to the Internet by the mobile telephone. With "iMode", one can read e-mail, access the bank's homepage and transfer money, reserve airplane tickets, and so on - all from a mobile telephone terminal. This service has been a big success since its inception one year ago, with more than 5 million users currently.

Another model is the use of convenience stores for e-commerce. The products ordered on-line are delivered to a convenience store near the customer's home, and the customer picks up and pays for the order at the store. This will resolve the issues that were preventing the growth of e-commerce in Japan, namely payment method and consumer trust. Distribution costs are also lower than if the products were delivered to the customer's home. For example, the industry leader "Seven Eleven Japan" plans to provide products and services at its 8,000 stores nation-wide.

With regard to smart cards, a plan was announced recently for harmonising the standards for banks and other private financial institutions and for post office savings accounts. The unification of cards for retail shopping, telephone and train tickets, and others will be examined.

With these developments in mind, JBCE strongly hopes that "the new European information society, being open to the global information society, will be realized through the eEurope initiative."

For example, standardisation should be discussed internationally, and Japanese business should be invited to participate in such discussions from the initial stages. The future success of UMTS, where international discussion including Japanese companies lead to the development of the international standard, should be proof of the validity of this suggestion. Japanese business has been always

prepared to co-operate with European partners, and we are ready and willing to share our views and expertise, accumulated through our experiences in Japan and across the world.

A trip from eEurope to eWorld is necessary for the success of the Information Society throughout the world, and for its success in Europe.

Lead-free solder:

On the agenda in Japan - the Reality

Takashi Sugiyama

Director, NEC Europe Ltd., Brussels Office

Recently, some leading Japanese manufacturers of electronic equipment have issued press releases announcing the termination of lead-solder use for some or all of their final goods by 2002-2004. Lead-free solder has been developed as a result, in particular, of stringent health protection requirements. There are, however, still some obstacles to be surmounted in order for electric and electronic manufacturers to be able to apply it to all their final goods.

Technical Barriers

Lead-free solder must meet certain precise technical specifications. It must:

1. maintain the same reliability for connections as existing tin-lead (Sn-Pb) solder;
2. maintain the low melting point necessary to prevent electronic components from heat damage;
3. avoid using higher activator flux for soldering because this will cause contamination or pollution when it is washed out; and
4. meet the conditions for three applications: re-flow, dipping and hand soldering.

The lead-free solders, which have so far been developed, are mainly classified within the four types listed below. None satisfy all of the above specifications.

Need for Cross-Sector Co-operation

Manufacturers will need to make some compromises in their choice of a lead-free solder. If they choose a low melting point lead-free solder to fuse current components, they will have to sacrifice connection reliability. If they choose a high melting point lead-free solder in order to maintain the same or higher reliability of connection, they will have to ask components suppliers to develop and supply components with higher heat tolerance. They may also have to change the soldering tools and equipment used.

In fact, the removal of lead from solder cannot be achieved unilaterally by finished goods manufacturers. A wide range of related industries are involved, such as electronic component manufacturers, solder makers and maintenance service industries. Co-operation will be needed among them. Some leading component suppliers have already started to develop components with higher heat tolerance and lead-free plating. It will take much longer, however, (several years) for SMEs to apply lead-free solder to all their components.

		Sn-Pb (current)	Sn-Zn	Sn-Ag-Bi (*1)	Sn-Ag-Bi (*2)	Sn-Ag-Cu-Bi
Ease to handle	Adhesion	Good	Inferior	Inferior	Improved	Inferior
	Melting Point	183° C	same	+/- 195° C	+/- 210° C	+/- 220° C
Quality (reliability)	Heat fatigue	Good	Inferior	Inferior	Same	Better
	Ductility	Good	Inferior	Inferior	Inferior	Improved
Cost	Price	Cheap	Cheap	Higher	Higher	Higher

(*1) contains 5 to 20% of Bismuth

(*2) contains less than 3% of Bismuth

Cost

In addition to technical issues, consideration must be given to increases in cost caused by the use of additional rare metals, such as silver, and the need

to introduce new soldering equipment to implement lead-free soldering in production. Manufacturers will also be able to reduce the amount of solder needed through new design; for example through

the use of the VLSI (Very Large Scale Integrated Circuit) and by reducing the area of PWB (Printed Wired Board). This may, however, increase the price of final goods. European governments will need to create an environmentally-conscious market in which consumers bear the cost of environmental protection.

In summary

Even though some Japanese manufacturers have announced that they will terminate the use of lead-solder by 2004, the industry as a whole, including SMEs, will not be ready by this date. The total amount of lead used in electrical and electronic equipment is less than 1% of all lead used every year. An overall assessment of the market as a whole is

needed before a lead ban can realistically be imposed on the electric and electronic industry.

In the meantime, the reduction of lead should be left to the goodwill of the market, whereby manufacturers acknowledge the danger of certain substances and make efforts to reduce these as much as possible. If a total ban of lead-solder is imposed in 2004 without due consideration of the technical and financial implications, there is a strong possibility that European consumers will suffer the consequences. These could include accidents and/or product defects due to decreased reliability, higher prices due to the use of more expensive materials and environmental damage caused by higher activator flux.

JBCE PAPERS

summary of main points

JBCE has already drafted a number of Position Papers on issues of interest to its members. The main points addressed in these papers are summarised below:

Waste from Electrical and Electronic Equipment (WEEE) - Comments on the WEEE Directive¹

With regard to the EU's draft Directive on waste from electrical and electronic equipment, JBCE is of the view that:

- **Scope:** The initial scope of the Directive should be limited to large equipment and the addition of other products to the list should be considered based on the experience gained under the Directive.
- **Substance Ban:** Ban on substances (lead, mercury, cadmium, hexavalent chromium, PBB, and PBDEs) should be dealt with in horizontal directives after the implementation of a comprehensive risk assessment.
- **Collection:** In view of economic efficiency, the existing collection network of municipalities should be utilised.
- **Historical Waste:** The Directive should not impose retroactive obligations on producers.
- **Recycling cost:** The Directive should clearly state that the industry can charge the recycling fee and that it can choose the way to collect it.
- **Recycling rate:** The Directive should provide that the recycling rate be determined based on the considerations after a certain period of time subsequent to the implementation of the Directive.
- **OEM and recycling responsibility:** Responsibility for

the recycling of products from Original Equipment Manufacturing (OEM) should belong to the brand owner.

Standards and conformity assessment systems in Europe²

JBCE is in favour of:

- Improvement of the implementation of existing EU Directives on standards and conformity and promotion of their acceptance by Member States;
- New Directives on standards in important areas and improvement of the way in which they are introduced, with complete transparency and appropriate transitional periods;
- Extension of EU Directives to Central and Eastern Europe;
- Improvement of the inspection system to check conformity with EU Directives.

Copyright in the Information Society³

JBCE's comments are:

- **Private copying:** There should be a mandatory exception for private copying, which is currently permitted under existing law;
- **Transient and incidental copies:** Temporary copying within the technological process should not require authorisation by rightholders;
- **Circumvention of technical measures:** Circumvention of technical measures and the manufacture of circumvention devices, necessary to facilitate lawful reverse engineering, should be clearly stated as remaining legal;



The Kanji character on the left side means Europe. The colour of the logo was chosen from the national flag of Japan.

- **Levies:** It should be up to the Member States to decide whether or not to impose levies, following both the rules on subsidiarity and the current analogue situation.

Trade and investment obstacles in the European Union ⁴

• **Taxation and corporate law issues**

JBCE supports early adaptation of the European Company Statute, first proposed in 1970; as well as early adaptation of the consolidate tax payment Directive within the EU.

• **Issues concerning standards and certification**

JBCE would like to be accepted as members of the committees (EMC Working Party, EMC SLIM Working Group) created for the purpose of revising the Electromagnetic Compatibility (EMC) Directive.

• **Trade, customs and other issues**

JBCE is in favour of:

- Strict application and enforcement of the anti-dumping regulations;
- Consistent application of rules of origin;
- Social security agreements to avoid double payment of social security costs.

• **JBCE has also commented on:**

- The proposed ELV (End of Life Vehicle) Directive;
- The draft Battery Directive;
- The proposed Copyright Directive; and
- The Personal Information Protection Directive.

• **These position papers are available from the JBCE**

- web site at www.jbce.org.

1. "Comments on Draft Proposal for a Directive on WEEE" (September 1998); "Impact of Substance Bans on Electrical and Electronic Components" (June 1999); "Comments on the third Draft Proposal of the WEEE Directive" (November 1999).

2 "Comments on standards and conformity assessment systems in Europe" (November 1998).

3 Draft legal position paper on the Directive on copyright in the Information Society - following the Amendments of the European Parliament (April 1999).

4 "Trade and Investment Obstacles in the European Union" (October 1999, EU-Japan Business Dialogue Round Table).

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If you would like information on how to join us, please contact us.

JBCE Mission

Japan Business Council in Europe was founded in 1999 as the representative organisation for Japanese companies operating in the European Union.

JBCE's key objective is to contribute to EU public policy issues in a positive way, drawing upon the experience gained in Japan and other countries and utilising the expertise developed in specific fields, such as environmental protection and technological innovation.

JBCE welcomes the support provided by EU Member States to Japanese investments, and wishes to put forward the views of its members on legislative issues currently under debate and on the public policies issues which will shape the years to come.

JBCE wishes to become one of the business-based organisations contributing to the achievement of EU goals in areas such as competition, research and development, full employment and environmental protection.

JBCE Member Companies

Canon Europa N.V.	Nissan Europe N.V.
DAIKIN EUROPE N V	OKUMA Europe GmbH
Epson Europe B.V.	Pioneer Europe N.V.
Fuji Electric GmbH	Ricoh Europe B.V.
Fujitsu Limited	SANYO Europe Ltd.
Hitachi, Ltd.	SHARP CORPORATION
Komatsu Europe International n.v.	Shimadzu Deutschland GmbH
Matsushita Electric Industrial Co., Ltd.	Sony Corporation
Minolta Europe GmbH	Sumitomo Electric Finance UK Ltd.
Mitsubishi Electric Europe B.V.	TDK Electronics Europe GmbH
NEC Europe Ltd.	Toshiba of Europe Ltd.
NGK Spark Plug Europe GmbH	Victor Company of Japan, Ltd.
Nippei Toyama Europe GmbH	YAMAHA EUROPA GmbH

JBCE Organization

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Information Society	Tetsuo Karaki, Fujitsu
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Trade Policy	Hiroshi Ishii, Matsushita