



Belgium-Japan Association  
Chamber of Commerce  
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## TRADE FLOWS & CULTURAL NEWS

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### EDITORIAL

by His Excellency Ambassador Yasushi Masaki, Mission of Japan to the EU

It is my great pleasure to express my greetings for all the members of BJA. I had visited Brussels several times on business trips, but this is my first time settling down here. As soon as I arrived last October, I was greeted by the typical weather: four seasons in a day. It is a beautiful city with impressive historical monuments and surrounded by quiet and deep nature. And it is a symbolic European city with multi-cultures and languages which I find in my daily life. I have well understood why this city is chosen as the European Capital.

Last year was a year of COVID-19. It cast a dark shadow worldwide. Japan and the EU have been working together and taking various initiatives on developing and disseminating vaccines all over the world, and developing medicines. However, we still need to keep fighting the virus all over the world. Hopefully we will overcome this enemy this year.

In our economies, the negative impact of the COVID-19 is obviously serious. Responding to the crisis and achieving economic recovery at once are difficult challenges for all countries. Last year, the EU approved a € 750 billion recovery package and a € 1.74 trillion of multiannual financial framework (MFF). I would like to express my respect to EU citizens who showed their unity even in the face of an unprecedented crisis. Japan and the EU will cooperate for economic recoveries as well.

Another historic event was Brexit. After four and a half years of long and rigorous negotiations, a new framework on EU-UK relations was reached shortly before last Christmas. Had this not been the case, turmoil would have occurred in various fields, including

logistics, and the global economy would have been adversely affected. I welcome the fact that both sides managed to overcome difficulties, compromised, and reached an agreement. I would like to continue to develop Japan's relationship with the EU and the UK based on our long and close relationship.

I would like to have a future outlook for cooperation between Japan and the EU.

Shortly after taking office last year, Prime Minister Suga held telephone meetings with President of the European Council Michel and President of the European Commission Von Der Leyen. These telephone talks confirmed that it is expected that Japan and the EU will play a leading role in the cooperation in various fields, such as the digital field, the environmental field, and climate change.

It is not a coincidence that both Japan and the EU have emphasized the green and the digital areas as top priorities in their domestic policy agendas. It is not a surprise that, throughout history, the two sides who share the same values place the highest priority on common issues in face.

In the international community, geographical distance does not matter. Japan works with the EU on various issues in the region surrounding Europe. Similarly, the EU also works with Japan on issues in the Asia-Pacific.

It is important to further collaborate on the several issues as Japan and the EU are facing, as we share values of freedom, democracy, multilateralism, and the rule of law.

*keep reading on p.10 >>*



His Excellency Ambassador  
Yasushi Masaki

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## Visionary Seminar – Recycling for a sustainable future

Tuesday 24 November 2020 – Digital Event



The Belgium-Japan Association & Chamber of Commerce happily supported Leuven MindGate and imec and invited the members to this visionary online seminar that explored every facet of the recycling industry as part of the circular economy.

The Circular Economy is at the forefront of current global discussions, as seen on last year's World Economic Forum conference in Davos, Switzerland. The Circular Economy concept could be an important enabler of overall sustainability.

The Belgian federal government and the three autonomous regions are all aligned on this transition to a circular economy, and it must be said that Belgium is recognized as being a pioneer in this field.

According the principles of a circular economy, increased maintenance, re-use and reprocessing must be considered right from the product design stage, while avoiding waste and environmental pollution. Also, the use of critical raw materials that are subject to supply shortage is an essential aspect.

Material shortage is an outlook we cannot escape, we can, however, change



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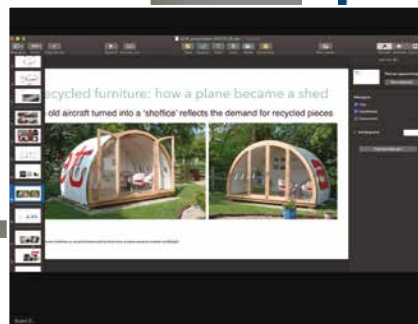
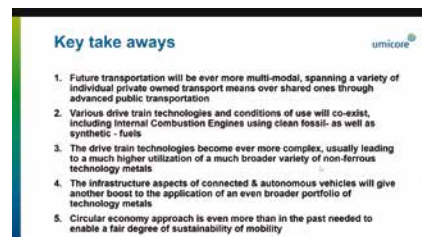
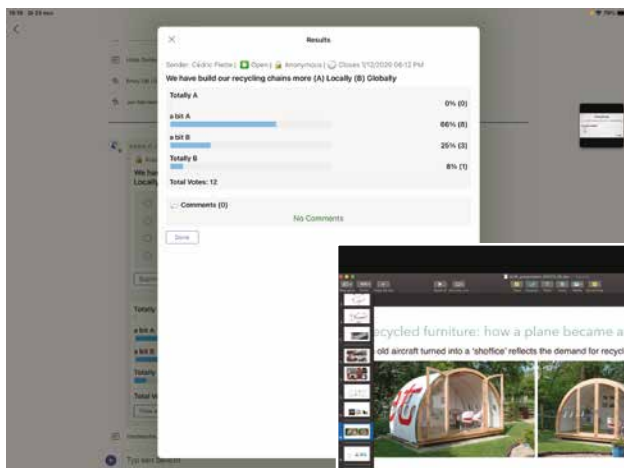


Karel Van Acker  
KU Leuven

how we deal with that. Undoubtedly, sustainable product design has never been more important.

From the purposeful use of plastics design, and recycling precious metals to upcycling aircrafts, the speakers left no stone unturned! Among the speakers

were: Prof Karel Van Acker, KU Leuven; Prof Dr Jef Peeters, KU Leuven; Mr Koen Staut, CEO Aerocircular; Dr Ir Egbert Lox, Senior Vice President, Umicore; Prof Els Du Bois, UAntwerpen; Mr Yolan Gielen Facilitator Circular Economy, Circular Flanders @ OVAM, Mr Johan Merlevede, CEO Leuven MindGate.





## BJA New Year Celebration with Sake Tasting Opportunity BJA 新年の集い並びに日本酒の試飲会

Friday, 28 January 2021 - Digital Event



The VIP tasters giving their opinion on each sake



HE Ambassador Shimokawa wishing a Happy New Year 2021 to all the participants



The members greeting one another

Thanks to the generous support of Japan Management Association (JMA), the BJA had the great pleasure to invite the BJA members to join virtually in celebrating the New Year and to enjoy an exclusive Sake Tasting by Oh! My Saké.

Upon opening the evening with welcome words, Professor Gilbert Declerck, Member of the Board imec International and BJA President, kindly requested His Excellency Ambassador Makita Shimokawa, Japanese Ambassador to Belgium for his New Year greetings on this occasion.

Under the leadership of Mr Koh Ichi Masaki of JMA, BJA Cultural Committee Chair, everyone then joined to toast 'Kanpai!' for a prosperous and healthy New Year. Later on, thanks to a surprise video from Tokyo, HE Ambassador Roxane de Bilderling, Belgian Ambassador to Japan and Mr Masami Nakamura, Chairman of JMA honoured us with their presence and greeting words.

After a brief introduction by Mr Masaki, Mr Laurent Vanden Bak, Manager of Oh! My Saké and Sake Sommelier, presented 4 types of sake to taste, shared his profound knowledge on the world of sake and advised the audience on how to best pair with the four sakes food.

During the tasting, the participants had the opportunity to interact with Mr Vanden Bak, Mr Masaki and Dr Takeshi Morisato, BJA Cultural Committee member, raise many interesting questions via the chat function, and answer an interactive poll on their overall tasting experience.

Being virtually connected, seeing each other, savouring, and learning more about Japanese sake was greatly appreciated by the nearly 90 guests, who cherished this enriching time together. It was a joyous way to start 2021 and certainly an evening to remember!



## May the RCEP have an impact on EU trade?

By Thibo Clicteur and Daan De Vlieger, Deloitte Belgium Global Trade Advisory

The Regional Comprehensive Economic Partnership (RCEP) is a free trade agreement (FTA) between the Indo-Pacific nations of Australia, Brunei, Cambodia, China, Indonesia, Japan, Laos, Malaysia, Myanmar, New Zealand, the Philippines, Singapore, South Korea, Thailand, and Vietnam. The 15 member countries account for about 30% of the world's population (2.2 billion people) and for 30% of global GDP (\$26.2 trillion) as of 2020, making it the biggest trade block in the world ever forged. The agreement is expected to eliminate about 90% of the tariffs on imports between the participating countries within 20 years. Moreover, rules for e-commerce, trade, and intellectual property are established in the pact. Finally, the rules of origin (ROO) have been harmonized, which will enforce regional supply chains, facilitate international supply chains and reduce export costs throughout the trade block. The RCEP is expected to have a significant impact on the organization of trade relationships across the globe.

### Political and macroeconomic context

The past four years were very tumultuous in the international trade stage. Since the US-China trade war the US-Asia trade relationships have been put under significant tension, a tension that is even present to date. Also trade conflicts between China and Australia took place about products such as beef, coal, barley, sugar and wine.<sup>1</sup> In 2020 two major events shaped the global political landscape, being the COVID-19 pandemic and the Brexit. Both events forced companies to rethink and rebuild their supply chains, including adaptations of their trade patterns. A lot of nationalist reactions to these crises are now redrawing the global economic relationships, in which the thought is promoted that domestic supply chains are safer and consequently better. This nationalist view assaults the ideas of global interdependence and multilateralism, at a moment where scientific cooperation and shared forces have proven very powerful in the production of the COVID vaccines.

The participants to the RCEP agreement include all ten members of the Association of Southeast Asian Nations (ASEAN), including Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam. Additionally, the three countries of the ASEAN Plus Three Group also joined, being China, Japan and South Korea, along with the two Oceanian countries of the

ASEAN Plus Six Group. The only member of the ASEAN Plus Six Group that did not enter the agreement was the Republic of India. Also the US was invited to cooperate, but both US and India withdrew from the agreement under the Trump regime and the Modi regime, respectively. After eight years of negotiation with mixed success, the RCEP agreement was signed on 15 November 2020 between the 15 member states.<sup>2</sup>

It is expected that the RCEP will make the Southeast Asian economies more efficient and effective, linking strengths in technology, natural resources, manufacturing and agriculture. A big incentive is given to regionalize the supply chains across the constituent countries. This will make the Southeast countries the big winners of this agreement, with a forecast of an extra annual 19 billion USD GDP by 2030. Northeast Asia will also benefit, but less significantly since China, South Korea and Japan already have FTAs with the countries of Southeast Asia. All three Northeast Asian countries will benefit because of the fact that the relations with the Southeast Asian countries are now even stronger. The Japanese Ministry of Foreign Affairs stated that the negotiation of a China/South Korea/Japan FTA would speed up if the RCEP would have been negotiated.<sup>3</sup> Xi Jinping, the president of China, declared that the RCEP is also an incentive to negotiate a China-EU investment treaty.<sup>4</sup> All

15 participants to the RCEP are expected to benefit from the foreign investments as result of the favorable ROO.

### 1. Content of the RCEP

The RCEP promotes Pacific and East Asian integration within the strong Chinese and Japanese trade axis. The Asian economies are hence partly decoupled from the US economy, focusing hence on regional trade. Over the course of 20 chapters, the RCEP includes a variety of topics including trade facilitation, ROO, customs procedures, SPS, technical regulations, trade remedies, trade in services, investment relations, intellectual property, e-commerce, competition, SMEs and dispute settlement.

Under the RCEP tariffs are eliminated, with for instance an elimination on 86% of the Japanese export, including auto parts.<sup>5</sup> The chapter on trade facilitation ensures predictability, consistency and transparency in the application of customs laws, with an increased harmonization, simplification and efficiency in the administration of customs procedures, such as the clearance procedure. Goods will be released from customs control within six hours of arrival of the goods and the submission of the necessary documents. When the exporters of importers meet specified criteria, such as AEO certification, additional trade facilitation measures are taken. The RCEP also reduces non-tariff barriers by creating common ROO, harmonizing the information requirements for trade in goods that are susceptible to a preferential tariff treatment.<sup>6</sup> Although a plethora of topics are covered by the RCEP, several aspects are not taken into account such as labor conditions, environmental protection initiatives and government subsidies.

### 2. Impact of the RCEP on the EU

The economic impact of the RCEP on the EU is estimated to be modest on the short-term but judged to be significant on the long term, especially from a strategic and geopolitical point of view.<sup>7</sup> A number of key features of the RCEP that are deemed to be relevant to the EU



context are discussed hereinafter, along with their potential positive and negative aspects. Also some strategic actions that the EU could take are put forward.

Several studies have illustrated that the RCEP is expected to have a beneficial effect on the world economy, with an estimated global trade boost of 500 billion USD in the coming ten years<sup>8</sup>. A growing world economy means that the RCEP will give more opportunities to the EU to trade with the Indo-Pacific region. The EU will only feel the impact of the RCEP gradually, predominantly because the implementation is relatively long, being 20 years at maximum.<sup>9</sup>

A harmonization of the ROO by the RCEP will be advantageous for European businesses that are established in the Indo-Pacific region, since uniform ROO are present for each step in the manufacturing process. This will lead to lower costs for supply chains that stretch across the region. The past years the EU has been one of the biggest trading partners of the Southeast Asian countries, having FTAs with Singapore, Vietnam, Japan and South Korea. Negotiations are still continuing with Indonesia, Australia and New Zealand. These established FTAs were after all able to preserve the trade in the COVID-19 period.

However, there are also several disadvantages of the RCEP for Europe. At this moment, the EU is looking inwards to their single market and when the inward gaze is averted, Europe glances predominantly at western countries with the United States in the lead. The relationships with the US will be of increasing importance in the coming four years of the new US President, Joe Biden, who has stated multiple times that the US-EU relations need to be enhanced. The downside of this strategic vision is that most economic growth is occurring in the East, which should necessitate the EU to broaden its gaze towards the East.<sup>10</sup>

The biggest problem for the EU is the displacement of the European exports

to RCEP member nations because of the agreed preferences with the other signing countries. The EU has FTAs with Japan, South Korea and Vietnam meaning that European export to these countries is more likely to remain unchanged. In Indonesia, Malaysia and Thailand, however, the EU will face high tariffs compared to RCEP competitors. The European export to China will be partly replaced by export to Japan and South Korea, especially the export of machinery. The positive aspect is that the EU as exporter will benefit from the region's higher income and the faster economic growth, while the EU as importer will benefit from lower prices because of the increased value chain efficiency.<sup>11</sup>

The lowering of non-tariff barriers such as custom clearance will reduce the time products spend in transit, making RCEP products (such as textile) more competitive and more attractive from a time-to-market perspective. An example of lower tariff barriers are for textiles and apparel: the RCEP has lowered the tariff rates for these products to 0 percent, which will cause difficulties for non-RCEP members (such as the EU) to enter into the regional textile supply chains. This will give incentives to countries to import textiles from for instance China, Japan and South Korea instead of EU or US textile, which is a distinct disadvantage for the EU.

Via macroeconomic equilibrium models, the aggregate effect of the RCEP has been estimated to cause a net gain of 0.1% in the EU GDP. This gain is predominantly

## LIST OF ABBREVIATIONS

<b>ASEAN</b>	Association of Southeast Asian Nations
<b>CAI</b>	Comprehensive Agreement on Investment
<b>EU</b>	European Union
<b>FTA</b>	Free Trade Agreement
<b>GDP</b>	Gross Domestic Product
<b>RCEP</b>	Regional Comprehensive Economic Partnership
<b>ROO</b>	Rules Of Origin
<b>SME</b>	Small and Medium Enterprises
<b>SPS</b>	Sanitary and Phytosanitary Measures
<b>USD</b>	United States Dollars

attributed to the reduction of prices with import from the RCEP countries. The effect is an aggregate effect, meaning that some sectors will experience a (very) negative impact and others will experience a (very) positive impact.<sup>12</sup>

Based on previous arguments, it can be concluded that the EU could reach out to the RCEP countries in the future to forge solid FTAs.<sup>13</sup> The RCEP should be a wake-up call for the EU, creating a sense of urgency to deepen contacts with the countries in the Indo-Pacific region, including China.<sup>14</sup> In this matter, the EU has already taken an important step by concluding a Comprehensive Agreement on Investment (CAI) with China, granting better market access to EU investors, more transparency on subsidies and better competitive conditions for EU-established companies<sup>15</sup>.

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## EU-Japan news

### JAPAN'S GREEN GROWTH STRATEGY TOWARDS 2050 CARBON NEUTRALITY

In December 2020, the Government of Japan announced its Green Growth Strategy, formulated by the Ministry of Economy, Trade and Industry in collaboration with other ministries and agencies. This strategy is a set of industrial policies aiming at supporting the overarching target set by the Prime Minister

in October 2020: making Japan carbon neutral by 2050.

The Green Growth Strategy of Japan sets goals in 14 fields, identifies current challenges and formulates the basis for action plans including budgets, taxes, regulatory reforms, standardization and

international collaboration. The strategy is expected to trigger an annual growth of 90 trillion yen (700 million euros) by 2030 and 190 trillion yen (1.5 billion euros) by 2050.

*For the whole Green Growth Strategy of Japan, please kindly visit: [https://europe-japan-climate-cooperation.net/?page\\_id=2629](https://europe-japan-climate-cooperation.net/?page_id=2629)*

### EPA PROGRESS REPORT

The Agreement between the European Union and Japan for an Economic Partnership entered into force on 1 February 2019. During its first year of operation, sound progress was made by Japan in enhancing both compliance with and the functioning of the agreement, to improve the business environment for enterprises and entrepreneurs from the European Union engaged in trade between the EU and Japan.

This report assesses the current state of the EPA implementation as well as Japan's compliance with the agreement.

*Source: [https://trade.ec.europa.eu/doclib/docs/2020/november/tradoc\\_159026.pdf](https://trade.ec.europa.eu/doclib/docs/2020/november/tradoc_159026.pdf)*

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## What does the EU-UK trade deal mean from a global trade perspective?

By Lize Martens, Global Trade & Brexit Advisor, EY

On 24 December 2020, negotiations between the European Union and the United Kingdom lead to the conclusion of the EU-UK Trade and Cooperation Agreement (EU-UK TCA). The EU-UK TCA provisionally entered into force as of 1 January 2021 pending its full ratification by the EU parliament. The trade deal will not release companies from the obligation to file customs declaration at the borders. Tariff-free and quota-free access for products traded between the EU and UK will be subject to the condition that products are of either EU or UK preferential origin.

### What does the EU-UK TCA mean?

#### 1. What are the headlines?

The EU-UK TCA does not remove the need for companies to make changes to their operations. It does bring some certainty on many of the new trading rules that started to apply after the end of the transition period, most notably tariffs. There will only be tariff-free, quota-free access for products traded between the EU and the UK under the EU-UK TCA if the goods are of EU or UK preferential origin. However, this is accompanied by a number of new customs procedures and formalities, including new 'rules of origin' requirements, which are needed in order to qualify for the tariff-free, quota-free treatment.

As another highlight, specific annexes were agreed to reduce the non-tariff barriers for medical products, automotive, chemical products, organic products and wine.

#### 2. Are all products exported from the EU to the UK (and vice versa) free of import duties?

No. Only two categories of products will be free of import duties:

- i. Products that are unconditionally free of import duties. Check if your products attract import duties (UK: <https://www.gov.uk/trade-tariff> or EU: [https://ec.europa.eu/taxation\\_customs/dds2/taric/](https://ec.europa.eu/taxation_customs/dds2/taric/)

[taric\\_consultation.jsp?Lang=en](https://ec.europa.eu/taxation_customs/dds2/taric/taric_consultation.jsp?Lang=en)).

- ii. Products of either the EU or UK preferential origin based on the customs rules of origin that are included in the EU-UK TCA.

Hence products which cannot be considered as originating from the EU or UK do not qualify for preferential treatment under the EU-UK TCA.

#### 3. When is a product of EU or UK preferential origin?

To qualify for the EU-UK TCA there are general origin rules and then product specific origin rules based on a product's tariff classification. These rules are broadly comparable with other EU and UK Free Trade Agreements (FTAs). Whilst varied across the tariff, for most classifications there are two options for meeting the product specific origin rules: a difference in the tariff classification of the finished product and its non-originating materials at the heading or sub-heading level (first 4 or 6 digit tariff code change); or a maximum percentage value of non-originating materials (MaxNOM) in the finished product, most commonly 50%.

In assessing MaxNOM the cumulation rules allow both EU and UK originating materials and production costs to be treated as qualifying FTA content in the relevant calculation.

The agreement does not permit cumulation with other countries that both the EU and UK have separate bilateral FTAs with, i.e. no diagonal cumulation. This will however not impact the UK FTAs that do permit EU content to be diagonally cumulated, e.g. Switzerland-UK.

Accurate tariff classification will be critical for businesses, whether to determine the product specific rule of origin or in assessing qualification with that rule of origin.

#### 4. Does this mean that Brexit is done now?

No. One of the take-aways from the

deal is that Brexit is not done. The first task for both sides will be to implement the EU-UK TCA across the broad range of issues and trade covered. The EU-UK TCA also sets out the stage for future rounds of negotiations on outstanding issues such as data adequacy or financial services.

### What to do next?

To make use of preferential duty treatment, companies should take the following steps (subject to change in context of new guidance):

1. Determine the correct product tariff classification.
2. Validate if the products are subject to import duties in the EU or UK, or if the products are zero rated. Check if your import duties attract import duties (UK: <https://www.gov.uk/trade-tariff> or EU: [https://ec.europa.eu/taxation\\_customs/dds2/taric/taric\\_consultation.jsp?Lang=en](https://ec.europa.eu/taxation_customs/dds2/taric/taric_consultation.jsp?Lang=en)).
3. If import duties are applicable, check if products are of EU or UK preferential origin based on the customs rules of origin laid down in the EU-UK TCA. Make the necessary product-specific origin assessments (calculations). Take into account rules such as "insufficient production" as per the EU-UK TCA.
4. Validate that the administrative records and organization is set-up correctly in order to claim usage of the EU-UK trade deal.
5. Make sure proof of origin is available:
  - i. A statement on origin that the product is originating made out by the exporter;
  - ii. The importer's knowledge that the product is originating.
6. Inform brokers that about utilizing preferential treatment and provide brokers with the required origin documentation.

## BJA Legal & Tax Committee News

By Wim Eynatten, Chairman BJA Legal & Tax Committee and International Tax Partner, Deloitte

### 1. UK-EU Trade and Cooperation Agreement: tariffs and origin implications

On 24 December 2020, the UK and EU negotiators signed the Trade and Cooperation Agreement (“TCA”), defining the trading relationship between the two blocs as of 1 January 2021.

The TCA implies that all goods originating from either the EU or the UK will not be subject to customs duties or quotas when imported into the other Party’s territory. This was one of the main points indicated in the negotiating mandate, as failing to achieve it would have led to the imposition of tariffs from 1 January 2021.

However, it is important to understand that only eligible goods (known as “originating”) would benefit from these tariff exemptions. To determine whether goods are eligible or not, provisions on the rules of origin have been agreed. As a summary, products shipped to the other Contracting Party in the TCA will be considered as originating if:

- › they are wholly obtained in the EU or in the UK,
- › if they have been produced entirely from materials from the EU or the UK, or
- › if they have been sufficiently processed in the EU or the UK. The specific rules of origin to be complied with will vary in function of the goods’ typology.

These could for example require a change of Tariff Heading, or require the amount of non-originating material used to not exceed a certain value. Both in terms of general principles as well as product-specific rules of origin, important deviations occur between the TCA and other trade agreements that the EU has concluded; such as those with Switzerland or Norway for example.

For instance, the TCA only includes provisions on full bilateral cumulation between the EU and the UK, and not on diagonal cumulation with other trade

partners common to both, such as under the Pan Euro Mediterranean (“PEM”) Convention. The specific nature of the TCA makes future integration with the PEM Convention rather unlikely.

Moreover, the practical application of the TCA preference system may require traders to apply processes and procedures that differ from those applied to date.

For instance, preference status can be claimed based on importer knowledge, or a Statement on origin issued by the exporter, who needs to be REX-registered for this purpose if the consignment has a value exceeding EUR 6,000.

The TCA provides certainty to a range of businesses impacted by Brexit, and allows tariff free trade to those who can comply with the formal and material origin requirements. To do so, companies willing to benefit from preferential treatment will have to determine whether their products are originating, based on the TCA’s rules of origin, and apply for a REX number if they want to issue Statements on origin for exports from the EU to the UK.

### 2. OECD issues guidance on transfer pricing aspects of COVID-19 pandemic

On 18 December 2020, the OECD released a report outlining guidance on transfer pricing aspects related to the COVID-19 pandemic. This guidance focuses on how the arm’s length principle and OECD TP Guidelines apply to issues that may arise, or be exacerbated in the context of this crisis.

More specifically, the following four priority issues are discussed:

1. comparability analysis,
2. losses and allocation of COVID-19 specific costs,
3. government assistance programmes,
4. and advance pricing agreements (“APAs”).

#### Comparability analysis

As the OECD recognises that the unprecedented change in the economic environment will create unique challenges in applying the arm’s length principle, it provides guidance on how this should be applied to issues that may arise in the context of COVID-19, and under which circumstances that a change in TP policy would be acceptable. In this context, it would be important to first understand how the COVID-19 crisis affected economic circumstances and market conditions in which MNEs operate, in order to determine whether a company can be considered eligible for COVID-19 related TP adjustments. To determine whether the company would be eligible for such change, it will be important to demonstrate the impact of COVID-19 on the industry in which the MNE, the Group concerned and individual entity level operate, taking into account options realistically available to assess whether it would be fair to expect a review of current TP policy as the most realistic and attractive option for the parties concerned.

If a company would be eligible for such TP policy change, taking into account the above considerations and a quantification of the specific COVID-19 impact on the business, it will be important to prepare the necessary transfer pricing documentation; the OECD stipulates in its report that “Taxpayers should undertake reasonable and appropriate due diligence in evaluating the likely effects of the COVID-19 pandemic and in implementing changes in their transfer prices.”

This would hence be achieved by preparing the relevant transfer pricing documentation, which would entail a factual (or qualitative) and an economic (or quantitative) analysis. The factual analysis will consist of reviewing legal agreements in place, and reviewing the functional and risk profile before and after COVID-19 adjustment, taking into account the impact of government grants on TP policy. Following this, third



party behaviour should be observed to confirm whether they would act in a similar way. For the economic analysis, the OECD recommends using multiple TP methods to support the need to change the TP policy, and using statistical methods (such as a regression analysis) to predict the impact of COVID19 on the financials of comparables. The mere adjustments to historical TNMM analyses without any substance behind them (in terms of comparability) are not sufficient and at times not even recommendable (e.g. inclusion of previous economic crises (2008) data in current set of TNMM comparables, use of LQ of current TNMM analysis, inclusion of loss making comparables with different risk profile than tested party).

Given the document's release date, taxpayers that have not yet included such price adjustment mechanisms in their controlled transactions can still make use of these mechanisms for FY2020, through adjusted invoicing or intercompany payments made in a later period (e.g. FY2021), as far as domestic law allows.

### **Losses and allocation of COVID-19 specific costs**

Since many MNE groups incurred losses due to a decrease in demand, and have faced an inability to obtain or supply products or services because of exceptional, non-recurring operating costs, the OECD discusses three issues that require specific guidance when considering the issue of losses and allocation of COVID-19 specific costs.

First of all, it will be important to note that the allocation of risks between parties to an arrangement affects how profits or losses resulting from a transaction are allocated at arm's length. The OECD notes that it will be necessary in all circumstances to consider the specific facts and circumstances when determining whether a so-called "limited-risk" entity

could incur losses at arm's length. The OECD TP Guidelines contain a possibility for simple or low risk functions to incur losses in the short-run. Such determination should be done based on the transaction's accurate delineation and on the performance of a robust comparability analysis.

Secondly, exceptional and non-recurring operating costs consequent to COVID-19 should be allocated based on an assessment of how independent enterprises under comparable circumstances would operate. The OECD notes that it is important to keep in mind that the treatment of such "exceptional, non-recurring, extraordinary" costs, incurred because of the pandemic, will not be dictated by the label applied to such costs but by an accurate delineation of the transaction, an analysis of the risk assumed by both parties to the transaction, how independent enterprises may reflect such cost, and finally, how such costs may impact prices charged in transactions between associated enterprises.

Finally, the pandemic created conditions in which associated parties may consider whether they have the option to apply force majeure clauses, and revoke or revise their intercompany agreements. However, it cannot be automatically assumed that, when such force majeure clause is included in the agreement, the COVID-19 pandemic is sufficient for that party to that contract to invoke force majeure. Nor can it be assumed that, in absence of such provision, the agreement's renegotiation would be inappropriate from an arm's length perspective. Whether COVID-19 constitutes force majeure in a specific case will depend on the plain language used for the force majeure provision, on the parties' conduct, and on the accurate delineation of the controlled transaction itself. An analysis of the commercial arrangement's economic circumstances will be crucial to determine whether - at arm's length - a party would decide to invoke such force majeure clause.

### **Government assistance programmes**

For government assistance programmes, the availability, substance duration and take-up of these programmes can have potentially broad transfer pricing implications. The OECD notes that the extent to which government grants are an economically relevant characteristic can vary. Particular attention should be paid to the competitiveness and price elasticity of the relevant market when determining whether an associated party would be able to retain such government assistance, as this would typically influence the behaviour of third parties to retain benefits derived from such government assistance.

### **Advance pricing agreements**

Finally, as for APAs, the OECD states that the pandemic and the consequently dramatic economic and market conditions are likely to qualify as a breach of critical assumptions in an APA, provided that the impact for the taxpayer can be demonstrated by numerous factors. However, whether there has been a breach in a critical assumption should be analysed on a case-by-case basis, taking into account the taxpayer's individual circumstances and the commercial environment. It is important to note that the OECD recommends taxpayers to notify the relevant tax administrations as soon as possible, regarding any material change in economic conditions that could lead to the breach of one or more of the critical assumptions embedded in an existing APA. Finally, the OECD mentions that where taxpayers and tax administrations are negotiating APAs aimed at covering FY2020, all parties are encouraged to adopt a flexible and collaborative approach in determining how to account for current economic conditions. For example, consideration could be given to agreeing a short period APA covering the period affected by the COVID-19 pandemic, and a separate APA covering the post-COVID period.

### Impact of this OECD guidance

Based on this guidance, it is recommendable for MNCs to perform a detailed analysis of the pandemic's impact on current group TP policy, and proceeding with the necessary pricing adjustments where needed, while taking into account government assistance programmes as well as any potential and exceptional costs arising. In addition, taxpayers should closely monitor the impact of COVID-19 on critical assumptions that affect their APAs, if applicable. Please note that a critical review of COVID-19's impact on the current transfer pricing policy's application cannot be considered as optional from an arm's length perspective, given that third-party comparables will typically perform the same exercise. Although we are already early 2021, it is not yet too late to perform such a critical review. However, the time for companies to act is now. Japanese MNCs with a 31 March financial year-end could still consider necessary pricing adjustments where needed during the current financial year closing on 31 March 2021.

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Disa, BSB alumna, Cambridge University

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It will also give effectiveness to the Japan-EU Economic Partnership Agreements (EPAs) and the Japan-EU Strategic Partnership Agreement (SPA), which we have just celebrated the second anniversary this February. I am convinced that cooperation between Japan and the EU will contribute to peace and prosperity in the international community, even though we are now facing challenges to our common values, which have globally been supported over the past years.

As ambassador to EU, I would like to continue to do my best to further strengthen the relationship between Japan and the EU and EU countries including Belgium.

And I am looking forward to seeing all of you to exchange our views and understand every country and culture each other.

I hope that this year will be a happy and healthy for all of you.

*by His Excellency Ambassador Yasushi Masaki, Mission of Japan to the EU*



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## BELGIAN HYDROGEN ECONOMY

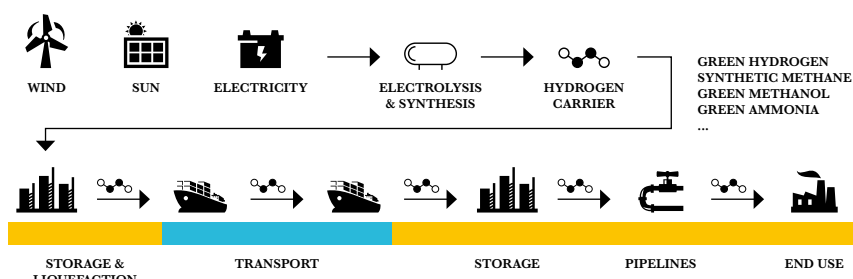
In order to meet the challenge of the transition to a carbon-neutral society by 2050, we need to look beyond our own production of renewable energy generated domestically or offshore. The import of renewable energy plays an essential role in this respect. The study published on 27 January 2021 by the hydrogen import coalition – a collaboration between DEME, ENGIE, Exmar, Fluxys, Port of Antwerp, Port of Zeebrugge and WaterstofNet – concludes that this is both technically and economically feasible. The thorough feasibility study is the first tangible result of the collaboration between the companies involved, each with its own specific and complementary expertise and experience. This laid the basis for concrete next steps, including pilot projects for the supply of sustainable energy by means of green molecules from countries where wind and solar are available in abundance to Belgian end users, among others.

### Essential role in energy transition

The climate objective to reduce CO<sub>2</sub> emissions in Belgium by 80% by 2050 compared to 2005 levels is a major challenge and requires a large-scale switch from fossil fuels to renewable energy. It is clear that solar and wind will be the renewable energy sources of the future. However, in Belgium and Western Europe, there is not enough wind or solar energy. In order to achieve a reliable, affordable and sustainable energy system, local production of solar and wind energy will therefore have to be supplemented by the supply of some of the necessary renewable energy from abroad. Molecules can act as energy carriers to efficiently transport green energy through pipelines and ships. Hydrogen, as a carrier of renewable energy, plays an important role in the blend of end-user solutions.

### Feasible and cost-effective

Over a year ago, seven major industrial players and public stakeholders joined forces and expertise to jointly analyse the opportunities for importing green hydrogen into Belgium. The coalition, consisting of DEME, ENGIE, Exmar, Fluxys, Port of Antwerp, Port of Zeebrugge and WaterstofNet, has now completed a large-scale industrial study mapping out the financial, technical and regulatory aspects of the entire hydrogen import chain, and providing a basis for the further roll-out to industrial applications.



The study concludes that importing this form of renewable energy is a necessary and feasible solution to the growing shortage in Western Europe. Various types of hydrogen-derived carriers from a range of supply regions will be able to provide cost-competitive renewable energy and raw materials by 2030-2035. The most promising green energy carriers are ammonia, methanol and synthetic methane. These can be deployed through existing modes of transport – such as pipelines and maritime transport in particular – and growing markets, encouraging a rapid start.

According to the study, this import of renewable energy through green hydrogen carriers will therefore become an essential part of our energy supply, complementing the sustainable transition based on domestically generated energy. Belgium has maritime ports and extensive pipeline infrastructure, is linked to the major industrial clusters and has the capacity to meet its own energy needs and those of surrounding countries.

Concrete next steps

Now the coalition partners will analyse how to prepare our seaports to receive the hydrogen carriers of the future, seeking maximum synergy to serve our national interests.

Jacques Vandermeiren, CEO at Port of Antwerp: *“We want to give hydrogen every chance as an energy carrier, a basic element for chemistry and a fuel, and are therefore committing ourselves as an active pioneer in the hydrogen economy. As a world port and Europe's largest integrated chemical cluster, we are an important link in this chain. The outcome of this study and its next steps offer promising perspectives for a further large-scale roll-out of hydrogen applications.”*

Annick De Ridder, Port Alderman: *“This study confirms that hydrogen can play a key role not only in making the port of Antwerp sustainable, but also in the rest of Europe. It is therefore crucial that, as a port of the future, we live up to our ambition and play a pioneering role in terms of sustainable solutions. Thanks to the collaboration between this coalition of partners with the right expertise and the government bodies involved, we have all the assets we need to take further concrete steps in this regard and to set an example for other ports and regions.”*

Tom Hautekiet, CEO Port of Zeebrugge: *“As a multifunctional energy hub with a state-of-the-art LNG infrastructure, (i.e. storage capacity and pipelines), the port of Zeebrugge is ideally suited to receive the hydrogen carriers of the future. Together with the partners in this coalition, we wish to develop our role in projects concerning the import and export of hydrogen and participate in creating a hydrogen economy.”*

Source: <https://portofzeebrugge.be/en/news-events/ready-next-step-towards-belgian-hydrogen-economy-study-confirms-potential-hydrogen>



## Shaping the future of international personal data transfers: the Schrems II judgment of the Court of Justice of the European Union

By Tanguy Van Overstraeten, Partner and Global Head of Privacy & Data Protection, Linklaters LLP, BJA Vice-President & Executive Committee Chair, and Olivier Heremans, Associate, Linklaters LLP, Member of the BJA Legal & Tax Committee

### Background

The General Data Protection Regulation (GDPR)<sup>1</sup> acknowledges the free movement of personal data within the European Union (EU)<sup>2</sup>, while it restricts transfers of personal data to countries outside the EU. The rationale for this restriction is to ensure the protection afforded by the GDPR within the EU travels with the data and continues to apply regardless of where the data lands<sup>3</sup>.

The GDPR foresees exceptions to this restriction organised in three categories: (i) adequacy, (ii) safeguards and (iii) derogations. Last year, Japan joined the small group of countries having been recognised by the EU Commission as offering an adequate level of protection. This means that Japan is considered like an EU Member State in relation to data transfers, provided other relevant rules of the GDPR are complied with by those exporting personal data to Japan.

Rules governing data transfers nevertheless remain relevant for BJA members, be it Japanese businesses or EU-based businesses dealing with Japanese counterparts. Their activities are usually not limited to the two territories where they are located. They are also transferring personal data to other parts of the world, for example, when dealing with their suppliers and customers or when processing information about their personnel on a global basis.

Given that the derogations set out in the GDPR must be interpreted restrictively, businesses willing to transfer personal data outside the EU often rely on safeguards and, in particular, the so-called Standard Contractual Clauses (SCCs)<sup>4</sup>, which are sometimes the only practical solution for cross-border transfers.

The SCCs have been adopted by the EU Commission. There are three sets of clauses available to date<sup>5</sup>, two for controller-to-controller and one for controller-to-processor data transfers<sup>6</sup>. Large companies often have complex webs of data transfers to hundreds, if not thousands,

of overseas recipients, many of which rely on SCCs.

### The Schrems II judgment

While this system has been in place for two decades, it has been subject to court challenges, the last one resulting in the Schrems II judgment<sup>7</sup> of the Court of Justice of the European Union (CJEU). This decision is the outcome of a legal challenge brought by Maximilian Schrems, a privacy activist, against Facebook Ireland Ltd's reliance on the controller-to-processor SCCs to transfer personal data to Facebook, Inc. in the US. Mr Schrems also challenged the reliance on the EU-US Privacy Shield to justify these transfers.

In its Schrems II judgment, the CJEU held invalid the EU-US Privacy Shield, on which many businesses were relying for their transatlantic data transfers. The CJEU indeed considered US State surveillance not to be properly circumscribed and the overseeing mechanism not to be sufficient.

The CJEU however confirmed the validity of the SCCs. In doing so, the CJEU added that exporters must verify the personal data they planned to transfer is properly protected in the third country and that data protection authorities must assess whether the personal data transferred under SCCs will be properly protected and, if not, suspend or prohibit that transfer.

The CJEU judgment applies with immediate effect. There is no grace period during which organisations can remedy to their current reliance on the EU-US Privacy Shield or investigate the context in which data transfers occur on the basis of SCCs in place.

The principles set out by the CJEU are generic. The European Data Protection Board (EDPB)<sup>8</sup> has confirmed they do not apply solely to data transfers to the US but also to other third countries<sup>9</sup>. The judgment has therefore a worldwide impact and companies should promptly take actions to assess the context in which they transfer personal data to make sure this

data is adequately protected after transfer. Such assessment must be conducted on a case-by-case basis.

### European Data Protection Board's guidance – A six step process

Further to its initial FAQ released in the summer of last year, the EDPB has recently published two recommendations addressing how companies should respond to the Schrems II judgment.

The first recommendation, which is still a draft, describes the process to conduct the risk assessment and, in particular, to decide on possible supplementary measures to ensure compliance<sup>10</sup>.

The second recommendation provides guidance to assess the legal regime of a third party country to receive personal data based on the so-called "European Essential Guarantees" (EEG)<sup>11</sup>.

In the first recommendation, the EDPB proposes a six-step process to carry out the required assessment, including:

- › Step 1: identifying the data transfers, including onward transfers;
- › Step 2: identifying the transfer tools to be relied upon, e.g. adequacy, SCCs, BCRs or specific derogations;
- › Step 3: where relying on SCCs, assessing whether the transfer tool is effective in light of the EEGs;
- › Step 4: adopting supplementary measures where necessary, some of which are described in the guidance;
- › Step 5: considering whether any procedural steps are required, e.g. approval by a data protection authority;
- › Step 6: re-evaluating the situation at regular intervals.

The recommendations and supplementary measures proposed by the EDPB can either be technical (e.g. encryption or pseudonymisation), contractual (e.g. requiring the importer to challenge government access requests) or organisational (e.g. internal policy on how to handle government access requests). Certain measures can prove burdensome and hard to implement in practice.



Tanguy Van Overstraeten Olivier Heremans

The recommendations of the EDPB also provide for use cases and consider which measures are sufficient and which are not.

They have been the subject of a public consultation process that ended in December 2020 and it is expected that the final version will be amended accordingly. In the meantime, the recommendations can already serve as a useful basis for businesses to consider the way forward and reinforce their compliance in relation to cross-border data transfers.

### New Standard Contractual Clauses

In parallel to the above work of the EDPB, the EU Commission also released a draft revision of the SCCs. The document was published on 12 November 2020 and has also been subject to a public consultation that ended in early December 2020<sup>12</sup>.

The new draft SCCs consist of a comprehensive and modular template covering four scenarios, including the existing ones (controller-to-controller and controller-to-processor transfers) but also long-awaited others (processor-to-processor and processor-to-controller transfers). When final<sup>13</sup>, the SCCs will therefore usefully resolve gaps and uncertainties that have existed in particular since the GDPR came into application.

The draft SCCs also remedy a number of outstanding issues, such as the use of SCCs in multi-party setting, the lack of data processing language (required under Article 28 of the GDPR) in the current SCCs as well as (some) concerns raised by the Schrems II judgment.

欧州司法裁判所は、2020年7月16日、いわゆる「Schrems II 事件」の判決を下しました。

本判決は、欧州連合（EU）から米国に個人データを移転するための手段の1つであるプライバシー・シールドを無効とする一方で、EUから個人データの保護の水準が十分であるとの認定を受けていない第三国に個人データを移転するための枠組みである標準契約条項（SCC）についてはEU一般データ保護規則（GDPR）が要求する保護レベルが尊重されているか確認されることを条件に有効としました。

本稿では、GDPRに基づくデータ移転に大きな影響を及ぼした Schrems II 判決を検討し、今後の展望について概観します。また、欧州データ保護会議が採択した勧告及び欧州委員会が公表した新 SCC 改定案を解説します。

They should provide a flexible and (relatively) business-friendly instrument and therefore represent a significant step forward when compared to the current SCCs. The latter should remain grandfathered for a year from the publication of the final SCCs after which the new SCCs will have to be used. This means an important repapering exercise will be required in 2021-2022.

### What next?

Both the EU Commission and the EDPB understand the urgent need for guidance, so final versions of the recommendation and the new SCCs are expected soon. In the meantime, it is recommended to urgently (re)assess EU to non-EU data transfers. Data exporters and importers should closely monitor upcoming developments and guidance of the EDPB and national supervisory authorities, assess their existing cross-border transfers and consider implementing supplementary legal, technical or organisational measures to ensure they can continue lawfully transferring personal data to third countries.

In today's global world, international data transfers are due to continue and organisations will no doubt take a risk-based approach to assessing the conditions under which these transfers may occur. In that context, the principles set out in the Schrems II judgment should be read in a balanced and pragmatic manner. One should distinguish the court's findings in relation to transfers under the Privacy Shield, which relied on a general adequacy assessment covering any type of transfers, from the circumstances of a specific transfer relying upon the SCCs.

While doing nothing in response to the Schrems II judgment is not an option, the judgment does leave organisations with some flexibility as to how they assess adequacy, in line with the accountability principle. This may include considering the nature, duration and purposes of transfers, the categories of data concerned and overall, being smart about implementing security and other measures to mitigate any risk identified in the destination country.

### Sources:

1. Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation).
2. Extended to the European Economic Area which comprises the 27 EU Member States as well as Iceland, Liechtenstein and Norway.
3. [https://ec.europa.eu/info/law/law-topic/data-protection/reform/rules-business-and-organisations/obligations/what-rules-apply-if-my-organisation-transfers-data-outside-eu\\_en](https://ec.europa.eu/info/law/law-topic/data-protection/reform/rules-business-and-organisations/obligations/what-rules-apply-if-my-organisation-transfers-data-outside-eu_en).
4. A growing number of multinational groups – including Japanese corporations – also rely on binding corporate rules (BCRs) for their intra-group cross-border transfers.
5. [https://ec.europa.eu/info/law/law-topic/data-protection/international-dimension-data-protection/standard-contractual-clauses-scc\\_en](https://ec.europa.eu/info/law/law-topic/data-protection/international-dimension-data-protection/standard-contractual-clauses-scc_en).
6. The ‘controller’ is the entity which determines the purposes and means of a processing of personal data, while the ‘processor’ is the entity that processes personal data on behalf of a controller.
7. CJEU, Case C-311/18, 16 July 2020.
8. The EDPB is an independent EU body made out of representatives of the data protection authorities in all 27 EU Member States which contributes to the consistent application of data protection rules throughout the EU.
9. Frequently Asked Questions on the judgment of the Court of Justice of the European Union in Case C-311/18 – Data Protection Commissioner v Facebook Ireland Ltd and Maximilian Schrems, 23 July 2020, [https://edpb.europa.eu/sites/edpb/files/files/file1/20200724\\_edpb\\_faqoncjec31118\\_en.pdf](https://edpb.europa.eu/sites/edpb/files/files/file1/20200724_edpb_faqoncjec31118_en.pdf).
10. Recommendations 01/2020 of 10 November 2020 on measures that supplement transfer tools to ensure compliance with the EU level of protection of personal data.
11. Recommendations 02/2020 of 10 November 2020 on the European Essential Guarantees for surveillance measures.
12. <https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12741-Commission-Implementing-Decision-on-standard-contractual-clauses-for-the-transfer-of-personal-data-to-third-countries>.
13. The draft has already been the subject of a joint opinion of the EDPB and the European Data Protection Supervisor published on 15 January 2021: [https://edpb.europa.eu/news/news/2021/edpb-edps-adopt-joint-opinions-new-sets-sccs\\_en](https://edpb.europa.eu/news/news/2021/edpb-edps-adopt-joint-opinions-new-sets-sccs_en). This is an important step in its adoption process.

## news from the members

**DAIKIN IS PLANNING A CUTTING-EDGE DEVELOPMENT COMPLEX IN GHENT****Focus on the latest technologies for Europe**

Daikin Europe N.V. (DENV), the European subsidiary of Daikin Industries Ltd., and leader in the field of climate solutions, has chosen Ghent as its new location for the EMEA Development Center (EDC).

The current EDC headquarters in Ostend and the branch in Ghent are slowly starting to burst at the seams. The EU is one of the pioneers with regard to climate-neutral initiatives, not least through its EU Green Deal policy (for the acceleration of decarbonisation). It's precisely in this area that the EDC plays a unique role, through its research into and development of innovative, energy-efficient alternatives to traditional heating solutions, new heat pump technology and solutions for cold chains (food and pharmaceutical products).

The EDC needs additional capacity, test chambers and larger research facilities equipped with the latest technologies. It is therefore planning the construction of a cutting-edge development complex on the Science Park site of Ghent University in the second half of 2021. The new and more extensive EDC is also very important for DENV with a view to the further development of new technologies.

**Need for additional facilities**

Since the foundation of Daikin's EMEA Development Center in Ostend in 2012, the leading European research platform has experienced an explosive expansion with, among others, satellite centres in Ghent, Pilzen (Czech Republic), Güglingen (Germany) and Hendek (Turkey).

Kazuhide Mizutani, General Manager EDC: "We are currently working with almost 220 R&D employees in our branches in Ostend and Ghent. This is an increase of about 140% since the foundation of the EDC in 2012. From our start-up, we have expanded our research infrastructure and built additional test chambers for temperature control. All this as a result of the increasing demand for energy-efficient alternatives to traditional heating solutions. If we want to stay ahead of the market needs and the clear environmentally friendly orientation of Europe, then further expansion is imperative."

The growth of this research market is mainly prompted by the international shift towards the phasing out of heating systems running on fossil resources in the long term. Fossil fuels are becoming scarce, and there is a global drive to reduce CO<sub>2</sub> emissions. With its EU Green Deal policy (the acceleration of decarbonisation), Europe is playing a pioneering role in this field, and promoting energy-efficient alternatives to traditional heating solutions.

With its heat pumps, Daikin has an innovative technology

that offers an environmentally friendly and energy-efficient alternative. The proportion of heat pumps within the heating market is therefore strongly growing. In addition, the industry is also increasingly looking for solutions for cold chains (food and pharmaceutical products – just think of the upcoming COVID-19 vaccines) and new heat pump technologies. Here as well, the EDC is a spearhead in terms of research and development in Europe.

**Ghent = ideal location**

Following a study into the ideal new location for the headquarters of the EMEA Development Center, Daikin Europe N.V. had its eye on the Ghent University Science Park.

As a Top 100 university, UGent has a renowned doctorate programme in 'Mechanical Engineering', and is, in that sense, a significant source of future employees. UGent and the EDC have already worked together, and will intensify their collaboration at the new site in the field of new heating technologies, the Internet of Things and Artificial Intelligence.

**A planned investment with a total value of 140 million € at the UGent Science Park in Zwijnaarde.**

The new building will consist of two parts: test facilities and office space. The test areas, with a total surface of about 4,000 m<sup>2</sup>, will be among the most advanced of their type worldwide. The most modern EMC (ElectroMagnetic Compatibility) chambers will be installed, as well as test chambers for, among others, specific particles, discharge and material analyses. Daikin is planning the implementation of the new building following the most advanced energy-efficient standards, including nZEB (nearly Zero Energy Building), and a BREEAM Excellent certificate.

The office accommodation will amount to about 13,000 m<sup>2</sup>, and provide space for roughly 500 employees. Daikin Europe N.V. expects to be employing around 380 employees at the EMEA Development Center by 2025. The remaining space in the office building can be taken up by employees from UGent



## news from the members

or other research companies.

The preparatory work could start towards the end of the summer of 2021. The intention is to inaugurate the test building in May 2023, and to take the office area into use at the end of 2023.

#### Close cooperation with the social partners

Daikin Europe N.V. intends to bring the respective employees over to the new workplace in the best possible conditions. The management informed the social partners of its plans during

today's Works Council meeting. They will now investigate together how this relocation can be carried out as smoothly as possible, with the utmost attention to the concerns and focus areas of the employees and the social partners, in line with the tradition of the company.

The EMEA Development Center will also unabatedly continue its search for interesting R&D profiles.

#### For additional information:

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## FUJI OIL RECOGNIZED WITH OUTSTANDING TRIPLE 'A' SCORE FOR GLOBAL ENVIRONMENTAL LEADERSHIP

The Fuji Oil Group demonstrates that it is well on track to become a corporate sustainability leader, securing a place in the prestigious A list of the non-profit environmental organization CDP. Through significant demonstrable actions on climate change, deforestation and water security, Fuji Oil is leading on corporate environmental ambition, action and transparency worldwide.

Fuji Oil is one of only 10 companies that achieved a triple 'A', out of 5,800+ companies that were scored based on data submitted through CDP's questionnaires in 2020. CDP's annual environmental disclosure and scoring process is widely recognized as the gold standard of corporate environmental transparency. In 2020, over 515 investors with over US\$106 trillion in assets and 150+ major purchasers with US\$4 trillion in procurement spend requested companies to disclose data on environmental impacts, risks and opportunities through CDP's platform.

Fuji Oil has participated in the CDP scoring since 2016. In 2019, the company scored A for Forests on Palm oil, and A for Climate change and Water security. Fuji Oil became the first Japanese company selected as A list of CDP Forests on

Palm oil in 2018.

CDP applies a detailed and independent methodology to assess companies, allocating a score of A to D- based on the comprehensiveness of disclosure, awareness and management of environmental risks and demonstration of best practices associated with environmental leadership, such as setting ambitious and meaningful targets.

Hiroshi Shimizu, President and CEO of Fuji Oil Holdings Inc. said: *"It's a great pleasure and we are proud to have achieved the triple 'A' score for the first time. This recognition is a reward for the determination of all our employees to live up to our core value of 'Work for people' and create Corporate Shared Value. At the same time, this is an incentive to keep contributing, through our business activities, to the realization of a sustainable society. The evaluation encourages Fuji Oil group's ESG management"*.

Fuji Oil promotes ESG management to achieve sustainable growth through the creation and offer of Plant-Based Food Solutions. The Company is determined to solve social issues by providing plant-based food ingredients, while

reducing the environmental impact to a minimum. In June this year, the Fuji Oil Group announced a sustainable procurement commitment to eliminate child labor and prevent deforestation, covering cacao, palm oil and soy. [https://www.fujioilholdings.com/en/news/2020/1198318\\_2692.html](https://www.fujioilholdings.com/en/news/2020/1198318_2692.html)

Paul Simpson, CEO of CDP, said: *"We extend our congratulations to all the companies on this year's A List. Taking the lead on environmental transparency and action is one of the most important steps businesses can make and is even more impressive in this challenging year marked by COVID-19. The scale of the risk to businesses from climate change, deforestation and water insecurity is enormous, and we know the opportunities of action far outweigh the risks of inaction. Leadership from the private sector will create an 'ambition loop' for greater government action and ensure that global ambitions for a net zero sustainable economy become a reality. Our A List celebrates those companies who are preparing themselves to excel in the economy of the future by taking action today."*

Source: <https://www.fujioileurope.com/en/news-release/fuji-oil-recognized-with-outstanding-triple-a-score-for-global-environmental>

## news from the members

**LAUNCH OF A JOINT RESEARCH GROUP KANEKA - EUROGENTEC - UCLouvain: UNIVERSITY OF LOUVAIN BACTERIA RESEARCH APPEALS TO JAPAN**

A game of musical chairs at the de Duve Institute: since 15 October 2020, Professor Jean-François Collet's department is in the process of a comprehensive reorganisation. The aim? To make room for new researchers, including some coming from Japan, at the initiative of Kaneka.

*"I've been doing basic research on bacteria for 15 years", summarises Jean-François Collet, Professor at the de Duve Institute of UCLouvain and Welbio researcher. "Recently, I have been setting up a second laboratory which is more geared towards applied research in the context of collaboration with Kaneka and its Walloon subsidiary, Eurogentec. A new life is beginning!"*

The partnership is innovative: it does not 'simply' consist of funding researchers while waiting to reap the fruits of their work. It is a genuinely mixed group of academic and industrial researchers. *"Together, we aim to optimise the production of biomedicines to improve treatment of cancers, infectious diseases, diabetes, genetic illnesses, etc."*, explains Hitoshi Yehara, Managing Executive Officer, Kaneka Corporation.

The collaboration is established for 3 years, extendible, related to 3 sites: the de Duve Institute of University of Louvain (UCLouvain) in Brussels, the Eurogentec production and research centre in Seraing, and the Kaneka biotechnology research laboratories in Japan.

**Researchers, for what purpose?**

The use of biomedicines is disrupting current medicine and offers new prospects for the treatment of diseases. Unlike chemical molecules, biomedicines must be produced by living cells. Bacteria are among the organisms of choice for producing biomedicines.

Eurogentec is specifically one of the world leaders in the production of biomedicines. For his part, Professor Collet's team has been accumulating in-depth knowledge about bacteria for 15 years, which has led to important discoveries. His discoveries in bacteriology, published in 'Nature' in 2014, have, in particular, made him known to the general public. As for Kaneka, its 50 years of experience in the development of biotechnologies have enabled it to develop its business in fields as varied as food supplements, pharmaceuticals and biodegradable polymers.

*"The meeting between our three teams makes a lot of sense for the industrial group to which we belong", confirms Lieven Janssens, CEO of Eurogentec. "It should enable us to extend our expertise in the microbial production of biomedicines and remain the world leader in the field of DNA vaccine production."*

*"One could compare Eurogentec to a Formula 1 team", Prof Collet continues. "It already has very good cars, and these have to stay at the top of their game. It is here that the team of engineers, that is to say my team, comes into play: thanks to the expertise accumulated over the last 15 years, we are able to optimise the performance of these cars."*

**Searching for 80 collaborators**

The development of optimised strains should make it easier to produce more proteins and DNA vaccines in the field, in large quantities and rapidly; enough to participate in the strategic objectives of Eurogentec.

The fast-growing Liège-based entity recently made major investments. In particular, it commissioned a new state-of-the-art facility, which will enable the large-scale production of new-generation medicines. To support the planned production of SARS-CoV-2 vaccines, Eurogentec is recruiting. More than 80 positions are or will be open for a wide variety of profiles of technicians, logisticians, researchers, and project managers.

**The wealth of the ecosystem**

Willy Borsus, Minister for Research: *"Through WELBIO, Walonia invests in strategic fundamental research in life sciences. This investment is paying off. I am very pleased by such a*

**IN SUMMARY**

- › Kaneka and its Walloon subsidiary, Kaneka Eurogentec S.A., enter into a partnership with Pr Jean-François Collet's laboratory by funding a new joint research group at the de Duve Institute of University of Louvain (UCLouvain). The group will consist of up to 15 people.
- › This mixed university-company group will develop optimised bacterial strains for the production of biomedicines.
- › The use of biomedicines is disrupting current medicine by offering new perspectives for treating cancer, infectious diseases, diabetes and genetic illnesses.

## news from the members

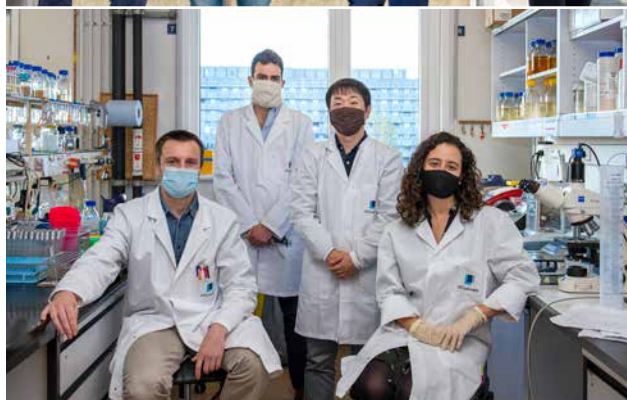


*brilliant example of technology transfer. Each of its players is a winner: the investigator, his laboratory and his university, the company as well as the regional economy. Today, we see evidence that supporting research can lead to major industrial innovation (production of biomedicines in this case) and to job opportunities in Wallonia. I'd like to congratulate UCLouvain and Kaneka Eurogentec for their work. We can be proud of it."*

*"This partnership is further proof of the vitality of the ecosystem built around chemicals and pharmaceuticals in Wallonia", rejoices Pierre Van Renterghem, General Manager of Welbio, an inter-university research institute in the field of life sciences, which played a crucial role in the dawning of this collaboration by supporting the research of J.F. Collet's team since 2011, subsidised by Wallonia.*



*"We are delighted to build bridges between academic research and the industry with the help of Welbio. In this way, we respond to major societal challenges through strong partnerships between Pr Collet and his team, and an industrial group the size of Kaneka. It's a great example of 'win-win' technology transfer, both for the researcher and his laboratory, for the company, and the regional economy", pinpoints Philippe Durieux, CEO of Sopartec, the technology transfer and investment company of UCLouvain.*

**For more information:**

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- > [www.welbio.org](http://www.welbio.org)
- > [www.uclouvain.be](http://www.uclouvain.be)
- > [www.vivesfund.com](http://www.vivesfund.com)





## news from the members

## KOMATSU LIMITED WINS PRIME MINISTER'S AWARD

**Smart Construction - A top service to customers worldwide**

Komatsu Europe International N.V. is pleased to announce that Komatsu Limited and its Smart Construction services received the Prime Minister's Award, the first prize of this year's "Japan Service Awards", on 27 October 2020, in Japan. Smart Construction was launched in Europe in 2019.

The "Japan Service Awards" project, handed out this year for the third time, evaluates a wide variety of services in Japan, in education, entertainment, applications, healthcare, etc. and commends excellence that adds value to a company. Winners of the award can be viewed as leading service providers and models in this field. The service industry accounts for about 70% of Japan's GDP and employment, and is an important industry that will be the key to the future growth of the Japanese economy.

A leading manufacturer of construction machinery, worldwide, Komatsu has, in the past years, also launched its unique "Smart Construction" offer globally, including in Europe. Smart Construction uses 3D topographical data, drones, connected machines, etc. to provide services for all processes from surveying to completion inspection, and achieves overwhelming safety and productivity improvement. Recently launched in Europe also, Smart Construction services originated in Japan, are unparalleled around the world, and fundamentally in-

novate the business format of civil engineering construction.

In addition to providing cutting-edge construction machinery and unique services, Komatsu offers a machine guidance retrofit kit that converts conventional hydraulic excavators into connected machinery at low cost, raising the full Digital Transformation (DX) level of the entire industry and addressing labour shortage with these services.

Mr Yoshihide Suga, the prime minister of Japan, sent a congratulatory message to the winners: *"Komatsu Ltd goes beyond 'selling goods' for the manufacturing industry and has optimized the entire construction process by integrating and utilizing topographical data measured by drones, design data and operation data from construction machines. I have heard that Komatsu Ltd. has been providing services all over the world that dramatically increase productivity at construction jobsites. I understand we will be able to realize an accident-free construction jobsite with even higher labour productivity if we combine those services with autonomous driving and remote control functions in the future. This is not only 'selling goods' but 'selling services' as a whole, and I think it is one of the 'models' that shows the way the Japanese manufacturing industry should go."*

Komatsu machines bring excellent value to customers during the construction phase of a project. And by digitally trans-

forming the jobsite with Smart Construction, Komatsu aims to start delivering value throughout the whole project, from bidding on the tender to reporting to the project owner.

Richard Clement is DGM Smart Construction at Komatsu Europe. He says: *"The data we capture with Smart Construction enables us to make estimates, based on previous activities, on how long a task will take, and allows us to propose to our customers an ideal choice of machines for a specific task."* He adds: *"Construction companies can now also easily monitor and report on bottlenecks. With Smart Construction services, our clients can count on us on being their greatest ally on their next project."*

Mas Morishita, CEO of Komatsu Europe, says: *"Our Smart Construction team at Komatsu Europe is leading the way to transform a manufacturing company into a top service provider. The added value of this unique service is now being recognized by the customers and the public in general. He adds: 'I think this is the meaning of this award: it encourages us greatly to push ahead with Smart Construction in Europe.'"*

In Japan, in Europe and around the world, Komatsu is always focused on innovation and on optimizing the future of the construction industry.

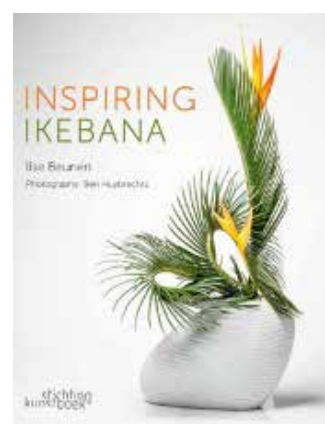
Source:  
<https://www.komatsu.eu/en/news/smart-construction-komatsu-limited-wins-prime-minister-award>

## PUBLICATION OF THE BOOK INSPIRING IKEBANA

Inspiring Ikebana is the sequel to *Exploring Ikebana*, the first book by a world famous Ikebana artist and BJA member, Ilse Beunen. Having written a comprehensive introduction to the ancient Japanese art of Ikebana, this book reveals several endless sources of inspi-

ration for Ikebanists: nature, the seasons, festivals and celebrations, vases and containers, artificial and dry materials, art and emotions.

For more information: <https://www.ikebana.be/product-page/inspiring-ikebana>



## NGK CERAMICS EUROPE S.A. IS GOING TO INVEST MORE THAN 5 BILLION JPY (43 MILLION EUR) IN ORDER TO SUPPORT THE IMPLEMENTATION OF EURO 7 EUROPEAN AUTOMOTIVE EMISSION STANDARD

NGK CERAMICS EUROPE S.A., founded in 1985 in Baudour (province of Hainaut), is the Belgian subsidiary of the Japanese company, NGK INSULATORS, LTD. It specializes in the production of ceramics substrates which are used for the production of catalytic converters for automobiles. In order to meet the “Euro 7 challenge”, NGK CERAMICS EUROPE S.A. will implement its technological upgrade over the next three years, bringing cutting-edge equipment and knowledge to reinforce the economic, social, as well as ecological dimension of its activity.

The climate challenges, as well as society’s awareness on what is at stake, are leading towards more restrictive standards and new technologies. Combustion engine and hybrid vehicles, which represent the majority of vehicles sold in Europe, need to keep on reducing their gas emissions. Euro 7, which is expected to be implemented in 2025, represents a new technological challenge for the European automotive industry.

In order to meet this challenge, NGK CERAMICS EUROPE S.A. will make a substantial investment on its site in Baudour. The major equipment will be replaced with next generation equipment using more advanced technologies as far as digitalisation and process automation is concerned – this will allow a proper energy transition and digital revolution. The purpose is to produce higher performance HONEYCERAM® ceramic substrates, used in catalytic converters, and which are essential to the implementation of this new standard.

This is basically a reshaping of the site which will materialize over the next three years and will require a total investment of roughly more than 5 billion JPY (43 million EUR). NGK CERAMICS EUROPE S.A.’s ambition is in line with the Walloon Government’s ambition for Wallonia on three aspects: economic, social and ecological.

### NGK CERAMICS EUROPE S.A.’s ambition:

- › **Economic:** by bringing this cutting-edge technology to Wallonia, NGK CERAMICS EUROPE S.A. will allow the area to resume its recovery as well as increase the level of training and knowledge of its staff members. NGK INSULATORS, LTD. has been developing new products for the past 100 years and its 40 years+ presence in Wallonia is the promise of more opportunities to come.
- › **Social:** qualified staff members with permanent contracts will remain a top priority due to their added value to NGK CERAMICS EUROPE S.A. Let’s not forget also the temporary staff, subcontractors and suppliers. Without the investment, the future of the plant would be in jeopardy.

- › **Ecological:** NGK CERAMICS EUROPE S.A.’s products are contributing to the society and the environment, and especially as part of the implementation of Euro 7 European automotive standard. In addition, thanks to a more sophisticated process, energy consumption for the manufacturing of our products will be reduced by more than 30 %.

To learn more about NGK CERAMICS EUROPE S.A., visit: <https://www.ngkceramicseurope.be>

### About NGK INSULATORS, LTD. (hereinafter “NGK”)

NGK is a leading company in the field of ceramics. Since its foundation in 1919, NGK has used its unique ceramic technology to provide numerous ground-breaking products that solve social issues. Today, NGK is active in more than 20 countries worldwide, with business foci including mobility, energy, IT and industry.

As one of the largest manufacturers of ceramic substrates for automotive catalytic converters, NGK is actively reducing the strain on our global environment. Furthermore, NGK’s products include the energy storage system “NAS®” battery, in addition to the compact, thin and high-energy-density lithium-ion rechargeable “EnerCera®” battery line, vital tools for sustainable energy infrastructure.

Through providing innovative, high-quality products, NGK is committed to contributing to our society. In order to create a future where people can coexist with nature, we will continue to develop and provide products that support social infrastructure while preserving the environment.

### For more information:

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Minoru Shibata, President

Simon Vljacic, Vice-President



Belgian  
Foreign Trade Agency



## BELGIUM & JAPAN

### 2020 - first 10 months

Japan = 19 <sup>th</sup> client	EUR 2.7 billion: -8.1%
Japan = 9 <sup>th</sup> supplier	EUR 7.8 billion: -15.6%

Trade balance : EUR -5.1 billion

#### Major sections

Export	Share	Import	Share
Chemicals	52.0%	Transport equipment	60.1%
Transport equipment	10.4%	Machinery & equipment	17.8%
Machinery & equipment	8.8%	Chemicals	8.3%

### 2019

Japan = 19 <sup>th</sup> client	EUR 3.6 billion: +12.7%
Japan = 9 <sup>th</sup> supplier	EUR 11.2 billion: +20.0%

Trade balance : EUR -7.6 billion

#### Major sections

Export	Share	Import	Share
Chemicals	44.0%	Transport equipment	61.5%
Transport equipment	15.8%	Machinery & equipment	19.0%
Machinery & equipment	9.8%	Chemicals	7.1%



CLIENT → BELGIAN EXPORTS / SUPPLIER → BELGIAN IMPORTS

## Importance of Japan and neighbouring countries in Belgium's foreign trade (2019)



**Japan**  
19<sup>th</sup> client  
EUR 3.6 billion  
9<sup>th</sup> supplier  
EUR 11.2 billion



**China**  
9<sup>th</sup> client  
EUR 7.1 billion  
6<sup>th</sup> supplier  
EUR 16.8 billion



**South Korea**  
35<sup>th</sup> client  
EUR 1.6 billion  
28<sup>th</sup> supplier  
EUR 2.4 billion



**Russia**  
15<sup>th</sup> client  
EUR 4.1 billion  
12<sup>th</sup> supplier  
EUR 8.1 billion

## 2015-2019

In billion EUR	2015	2016	2017	2018	2019
Exports	3.3	3.6	3.2	3.2	3.6
Imports	7.7	8.4	8.8	9.3	11.2
Trade balance	-4.4	-4.8	-5.6	-6.1	-7.6
Exports: variation %	7.9	7.5	-9.0	-1.1	12.7
Imports: variation %	4.9	9.1	4.8	5.9	20.0



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*dedicated recruitment*

The BJA would like to extend a warm welcome to its newest members:

*Associate Member*

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didates but also strong in recruiting multilinguals who speak more than one language. We are strong in recruiting candidates who speak the local language and other required languages.

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*We would also like to express our appreciation to our **BJA Sponsor Members** >*






*The BJA thanks the Walloon and Brussels Regions for financially supporting this newsletter*





FocalLength:400mm Exposure:F9 1/2000sec ISO:200



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