



EU- Japan Economic Relations (Lecture No.1)

– Introduction –

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Yukichi Fukuzawa(1835- 1901) founder of Keio Gijuku



1858: Founded Keio Gijuku

1860: Voyage to the USA on
Kanrin- maru

1862: Voyage to Europe,
travelled around
for nearly one year

1867: Second visit to
the USA

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Learning about Europe and EU- Japan relations

- To understand Europe, one must look at both the economic and political aspects
- To understand Europe, one must have a historical perspective
- Emphasis in this course will be on the economic aspects of EU- Japan relations

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Schedule (1)

1. What is the EU?
Chapter 1 Introduction: Assessing Bilateral Relations
2. Chapter 2 Developing Cooperation, 1950s- 80s
3. Chapter 2 Developing Cooperation, 1950s- 80s
4. Chapter 3 Japan and its Changing Views of Europe
5. Chapter 3 Japan and its Changing Views of Europe
6. Chapter 4 European Integration and Changing Views of Japan

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Schedule (2)

7. Chapter 4 European Integration and Changing Views of Japan
8. Chapter 5 The 1990s and a New Era in J- EU Relations
9. Chapter 5 The 1990s and a New Era in J- EU Relations
10. Chapter 6 Cooperation in Regional Forums
11. Chapter 7 Addressing Global Agendas
12. Chapter 8 Conclusion:
A Partnership for the 21st Century?

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Evaluation

The textbook is on reserve on **the third floor (san-gai) of the OLD library.**

Students must submit **a report (400 words) on one of the three assigned topics each week,** at the beginning of the lecture.

An essay (4000 words) on a related subject of your choice is due sometime during the week of January 15, 2007.

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Structure of Each Lecture

- What the textbook says
- Additional information and material
 - Statistics (Trade, Direct investment, Portfolio Investment)
 - Case studies:
European companies in Japan
 - References
- Conclusion and assignment

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What is the EU?

Members: 25 countries, 3.929 million km²

Main Indicators for the EU 2005

- EU- 25 Population (million) 459.5
- GDP (billion euro) 10,794
- GDP per capita (euro) 23,400
- FDI Inward flows (billion euro) *62.2
- FDI Outward flows (billion euro) *114.9

* = 2004 (not inc. intra EU- 25 flows)

Source: European Commission

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Map of the EU



http://jpn.cec.eu.int/union/showpage_en_union.emu.php

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A Brief history (1)

The European Union comprises 25 Member States, united in an effort to **safeguard peace and promote economic and social progress**, and incorporates three Communities, which have common institutions

The **Coal and Steel Community** was the first to be set up (by the Treaty of Paris, 1951), followed by an **Economic Community** and an **Atomic Energy Community** (Treaties of Rome, 1957).

http://jpn.cec.eu.int/union/showpage_en_union.institutions.php

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A Brief history (2)

Under the **Single European Act** (1986), the Communities finally dismantled all internal borders to establish a single market.

The **Treaty on European Union**, signed in Maastricht in 1992, created a European Union combining a Community moving towards economic and monetary union with intergovernmental cooperation in certain areas.

Constitutional Treaty --- ?

http://jpn.cec.eu.int/union/showpage_en_union.institutions.php

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Member States

- Original Six: France, Germany, Italy, The Netherlands, Belgium, Luxembourg
- 1973: UK, Ireland and Denmark join (9)
- 1981: Greece joins (10)
- 1986: Spain and Portugal join (12)
- 1995: Austria, Sweden and Finland join (15)
- 2004: The Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Slovenia and Slovakia join (25)

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Organisation of the EU (1)

The Union is managed by these institutions: a democratically elected **Parliament**, a **Council** representing the Member States and composed of government ministers, a **European Council** of Heads of State or Government, a **Commission** which acts as guardian of the Treaties and has the power to initiate and implement legislation, a **Court of justice** which ensures that Community law is observed and a **Court of Auditors** which monitors the financial management of the Union.

http://jpn.cec.eu.int/union/showpage_en_union.institutions.php

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Organisation of the EU (2)

In addition, there are a number of advisory bodies, which represent economic, social and regional interests.

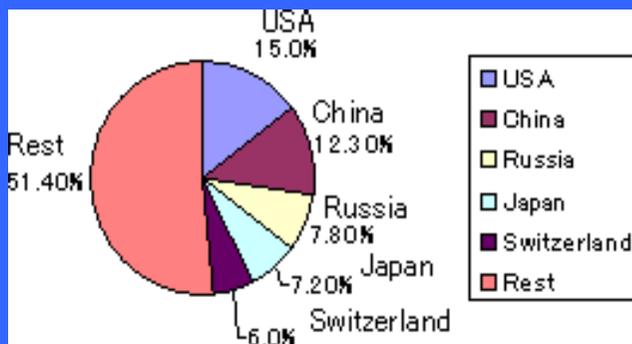
http://jpn.cec.eu.int/union/showpage_en_union.institutions.php

The **European Central Bank** is the central bank for Europe's single currency, the euro. The ECB's main task is to maintain the euro's purchasing power and thus price stability in the euro area. The euro area comprises the 12 European Union countries that have introduced the euro since 1999.

<http://www.ecb.int/home/html/index.en.html>

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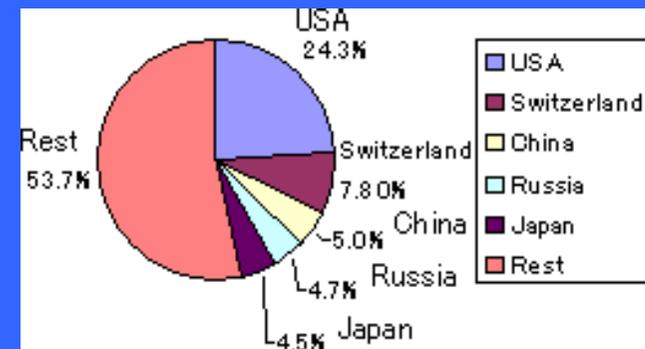
EU Imports 2004



Source: http://jpn.cec.eu.int/union/showpage_en_union.information.php

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EU Exports 2004



http://jpn.cec.eu.int/union/showpage_en_union.information.php

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The textbook (1)

Introduction : Assesing Bilateral Relations

- Dominated by relations with the United States
- The end of the Cold War
Japan: more attention towards Asian neighbors
Europe: new focus upon Central and Eastern Europe
- Both share a 'similar fate' (p.3) ,
and are building a new mutual relationship

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The textbook (2)

- 'The weak side of the triangle' (pp.3-4)
- Trade problems have been the constant theme in economic issues for 30 years
→ a degree of mutual accommodation (p.3)
- EU-J relations have been evolving for a long time and have developed into a 'habit of interaction' which is recognised today in official documents (p.4)

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The textbook (3)

- An 'Institutional Approach'
- - - - What is an 'Institution' ?
similar to a 'regime', implicit or explicit principles, norms, rules and decision-making procedures (p.7)
- The channels for dialogue become important

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Data and statistics

Trade figures by countries, by regions, by products

- <http://www.mof.go.jp/english/index.htm>
- <http://www.boj.or.jp/en/index.htm>

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Case Study : Nestlé Japan

- World's largest food company, located in Switzerland
- Started operation in Japan in 1913, many joint ventures with Japanese companies, production in Japan started at early stage
- On the other hand, quality is maintained on a world wide basis
- http://www.nestle.co.jp/japan/index_e
- Information also available from Jetro

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Conclusion

- Since the end of World War II, the economic relations between EU and Japan has been affected by their respective relationship with the USA.
- The relations changed though time, reflecting the change in the (economic) situation on both sides.
- More recent attention towards Japan by the EU has located it within a broader framework of relations with Asia as a whole.

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ASSIGNMENT

Please choose one of the three questions and write the report in English (at least 400 words).

- (1) In what way was the existence of the EU significant to Japan during the post-war years?
- (2) How do you evaluate the development of economic relations between Japan and the EU, based on trade statistics available from JETRO ?
(<http://www.jetro.go.jp/en/stats/statistics/>)
- (3) Explain why L'Oréal has been successful in Japan.
(http://www.nihon-oreal.co.jp/_ja/_jp/group/history)

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Agenda for lecture No.2

- Developing cooperation the 1950s- 1960s
(Text:page11- 22)
- Change on the European side:
European integration
- Change on the Japanese side:
Age of high growth
- Data and statistics: FDI from Japan to EU
(JETRO)
- Case study : European companies in Japan
1950s- 1960s (NIHON L'Oréal)

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