



## EU Japan Economic Relations Lecture No. 2

– Developing Cooperation (1) -  
1950s- 1960s

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## Review of Lecture No.1

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- 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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## Agenda for Lecture No.2

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- (1) Developments on the European side: European integration
- (2) Developing cooperation  
1950s- 1960s (Text:page11- 22)
- (3) Case study: NIHON L'ORÉAL

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## European Integration and Japan

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Coodenhof-Kalergi(1894-1972) and his mother Mitsuko

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## European Integration in the 1950s- 60s

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- 1947 Marshal plan announced by the US
- 1948 Benelux customs union started
- 1950 Schumann plan for ECSC announced
- 1952 Paris treaty signed, ECSC started
- 1957 Rome treaty signed,  
EEC, Euratom established
- 1969 EC Hague Summit

Source : [http://jpn.cec.eu.int/home/index\\_en](http://jpn.cec.eu.int/home/index_en).

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## The textbook (1)

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- Europe and Japan faced common problems, but did not share the same solutions - - - the foundations for Japan's recovery began with the Allied Occupation from 1945- 52
- Europe and Japan were assisted by American capital and support (p.11)
- Almost no EU- Japan dialogue

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## The textbook (2)

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- Japan : land and education reform, revised constitution led by US, European leaders took little part in Japanese affairs (p.12)
- Europe : from identity crisis to integration  
Eventually decided that cooperation with the West Germans over both economic and political issues would be the best way forward for Europe (p.12)
- Franco- German relationship at the core, at first did not involve the British

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## The textbook (3)

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- The intention of the US:
  - (1) To keep Europe from turning communist
  - (2) To reduce the financial commitments  
Integration was a good solution (p.13)
- Negotiation for a European Defence Community, a Common Defense Policy including West German forces was suggested by French Prime Minister René Pleven and concluded in 1952.  
But the French parliament refused to ratify this in 1954, which led to its demise.

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## The textbook (4)

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- US was more closely associated with the immediate postwar system in Japan than in Europe (p.14)
- Japan was forced to abandon its preference for maintaining relations with China and to recognise Taiwan in 1952, as the US had done (p.14)
- Throughout the 50s the US encouraged closer J- Europe relations, especially in trade. (p.14)

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## The textbook (5)

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- US promoted Japan's application to GATT and encouraged its European partners to open markets to Japanese products. (p.15)
- Europeans feared a recurrence of Japan's global dumping activities of the 1930s (p.15)
- US acted as mediator for European - Japanese relations.

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## The textbook (6)

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- Formation of EEC in 1957 - - - Japan watched with some trepidation (p.16)
- Belgian decision in 1958 to add 24 restrictions on imports from Japan and to invoke Article 35\* in order to protect its own preparations for the development of a European Common Market (p.16)

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## The Textbook (7)

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\* Article 35 of the GATT

Allows prior or new contracting parties to 'opt out' of a GATT relationship with another member when the new contracting party entered GATT

Moreover, Germany and Italy retained import restrictions on many items from Japan (p.16)

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## The textbook (8)

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- During the 1960s, Japan became economic threat also for the US (p.17)
- Relations between Japan and Europe remained minimal, except for Germany which, on July 1 1960, became the first European state to sign a European Trade Agreement with Japan and to grant it MFN status (p.17)
- Benelux dropped Art 35 later that year (p.17)
- UK dropped it in 1963, France in 1964 (p.17)

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## The textbook (9)

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- PM Ikeda's 'three pillar theory' of US- EC- Japan relations outlined in London in 1962 (p.18)
- The 1960s witnessed an increase in the number of J high- profile missions to Europe
- J issued its first 'EEC policy' in 1962 (p.18)
- Ikeda went to Brussels to meet not only the Belgian PM but also Walter Hallstein, then president of the EEC Commission (p.18)
- However, throughout rest of 60s J's interest in E did not increase markedly (p.18)

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## The textbook (10)

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- During the early 1960s, individual approaches overlapped and occasionally clashed with a more assertive attempt by the EEC Commission to address issues pertaining to Japan in a unified European- wide way (p.19)
- In 1963, dialogue officially started between J and UK, J and France, J and West Germany...
- In 1964, dialogue officially started between J and Italy (p.20)

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## The textbook (11)

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- The Commission repeatedly failed to secure a mandate to coordinate trade negotiations with Japan ... until 1970 (p.21)
- The Hague Summit of 1969 was important .... for providing the forum in which the Council authorised the Commission to 'make contact with the J Government with a view to exploring the possibilities of entering into negotiation for the purpose of concluding a trade agreement between the Community and Japan' (p.21)

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## The textbook (12)

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- The Community's members had finally realized that, given J's continued growth, a coordinated approach to J and Japanese trade practices would be most beneficial (p.22)
- However, ... J and Europe did not focus seriously or consistently upon one another during the 1960s (p.22)
- The 1970s would address this issue more closely, but not without problems along the way (p.22)

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## Case Study: NIHON L'ORÉAL

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- Many brands under corporate umbrella, headquartered in Paris
- Started sales in Japan in 1963, unique strategy using beauty salons
- Specifically targeted the Japanese market after having conducted R&D
- [http://www.loreal.com/\\_en/](http://www.loreal.com/_en/)

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## Conclusion

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- (1) Japan developed economically in the 1950s and 60s under political support and military protection of the USA.
- (2) It took time for individual Member States to welcome Japan into the global community, and also to recognise the EU (EC) as an entity that represented them.
- (3) NIHON L'ORÉAL's unique strategy targeting the Japanese market led to its success in Japan.

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## ASSIGNMENT

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Please choose one of three topics.

- (1) What is the reason behind the increase in FDI by Japanese companies in Europe in the 1970s and 1980s? Which European country especially saw an increase in FDI from Japan?
- (2) What was the reason of the investment by Honda to Europe at such an early stage? How did this investment affect Honda's activities in Europe?
- (3) How did the European attitude towards trade conflict with Japan change, in the 1960s and 1970s?

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## Agenda for Lecture No.3

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- Developing cooperation in the 1970s - 80s (Text:pages 22- 38)
- From trade friction to FDI
- Case study: Japanese companies in Europe in the 1970s- 1980s