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Transferred Roles: The Institutional Role of the European Commission in the EU's Foreign Policy
A Case-study of EU-Japan Relations

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Introduction

The European Union’s external dimension, the Common Foreign and Security Policy (CFSP), was formally created with the establishment of the European Union (EU) on 1 November 1993. However, because both the EU and the CFSP are founded upon the antecedent European Community (EC), the establishment of the CFSP has been greatly influenced by the development of the external competences of the European Community. Of particular importance to understanding the impact of the EC framework on the CFSP is the European Commission’s role in exercising the external competences of the Community. The Commission merits attention due to the noticeable widening and strengthening of its role in EU foreign relations over the past fifteen years. In the context of the EU’s institutional structure, the Commission can now be described as holding the central role in the foreign relations of the European Union. It is this paper’s contention that this situation is attributable to the transfer of the executive role played by the Commission within the Community framework to the operation of the EU’s external political sphere. This is to say that the Commission exercises an executive authority within the EC to represent the Community to the outside world, formulate policy, and administer the Community’s external relations.

This paper examines EU-Japan relations as a case-study of this phenomenon. The EU’s relations with Japan have developed largely on a ‘dual-track’ basis, that is to say, both on a pan-European level within the EU framework and bilaterally between individual EU member-states. The development of the EU-level relationship is examined in the context of the Commission’s drive to establish itself as a substantial and independent interlocutor for the EC in the external sphere.

The maintenance of Community-level relations with Japan was made easier because they were founded simply on an economic basis. The case-study begins with the renewed involvement of the Community in Euro-Japanese relations in the 1980s. The current era of greater communication and cooperation between the EU and Japan was initiated by the conclusion of the EC-Japan Joint Declaration of 1991. The Joint Declaration and the resulting network of institutional linkages is examined in some detail to discern the impact of the EU-level in EU-Japan relations. It is not enough that the institutional linkages
between the EC and Japan maintained a distinct EU-level in relations. The EU level will also be shown to have measurably added to the substance and strengthening of European relations with Japan. Although distinct, the EU-Japan dialogue was not necessarily in competition with Member-State policies towards Japan. It will be shown that the Member-States have recognised and encouraged the features of the EU-Japan dialogue which complement their own bilateral policies.

I. The Road Towards Political Dialogue

Not until the 1980s did the Euro-Japanese relationship undergo any structural change. The instability of frequent oscillations between amity and animosity of previous years has been replaced with the present period of continued tensions, but overall stability. The 1991 Joint Declaration is the monument which marks the death of the old era. It is clear that this subtle reform was not accomplished in a single moment, but rather developed over a number of years. It also becomes clear, in retrospect, that the decade of the 1980s was the period when EC-Japanese relations permanently changed for the better.

Three broad trends were operating simultaneously to pave the way to the 1991 Joint Declaration. Not until the late 1980s did it become clear that the post-war order was being fundamentally transformed. Secondly, the economic dominance of the US was challenged on two sides from Japan and Europe. Thirdly, both Europe and Japan found themselves in the 1980s struggling with the political implications of their acknowledged economic strength. Both the EC and Japan were in a process of internal transformation and reorientation which was necessary to cope with the new external environment.

The European Community began, from the 1977-81 Commission Presidency of Roy Jenkins, to emerge from the doldrums of ‘Euro-Sclerosis’. Another attempt was made at monetary cooperation which developed into the European Monetary System. Member-State interest in EPC was renewed following the weak and delayed responses of the EC to the Afghanistan and Poland crises. The Falklands embargo, albeit a limited and temporary success, exemplified the new spirit of possibility from political cooperation.
Simultaneously, a parallel move by Japan to reduce its dependence on the US and its market was made by widening relations with Europe. Japan had come under new pressure from the recently inaugurated Reagan administration to increase its share of defence costs. The tension of the burden-sharing issue with domestic aversion to any sign of renewed militarism, ultimately led to the downfall of the Suzuki government and the elevation of Yasuhiro Nakasone to the premiership. While Japan significantly broadened its international relations in the next decade, the first foreign policy objective of the Nakasone government was to restore the health of the US-Japan relationship.¹

Japan had hardly been ignoring Europe and the EC, but relations on the EC level were intermittent and of a secondary concern. Throughout the 1970s the Japanese government’s perception of the Commission was clouded by the failure of the trade negotiations of 1970-72. After prolonged wrangling and discussion of the Commission’s external competence, the Council had agreed in 1970 to grant the Commission a negotiation mandate, but the mandate was heavily restricted in that any EC-level trade agreement would have to contain ‘safeguard’ clauses to replace national measures.² Member-States’ insistence on perpetuating protectionism comparable to existing bilateral arrangements eventually led to the failure of these negotiations.³ Unable either to negotiate with authority or to shift Member-State opinions, the Commission was seen afterwards as ‘overrated’ and ineffectual on the supranational level in affecting bilateral relations.⁴

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¹ It was an effort with political, economic and security ramifications. Japan responded to US concerns about the continued burden of defending Japan by expanding its own military spending. Japan participated with the US in new rounds of negotiations concerning the opening of the Japanese market to imports. Finally, Japan proved more amenable to sharing the burden of US economic difficulties by underwriting a significant portion of the US national debt. T. Inoguchi, Japan’s Foreign Policy in an Era of Global Change (London, 1993), p. 74.

² See A. Rothacher, Economic Diplomacy between the European Community and Japan 1959-1981 (Aldershot, 1983). For several years after Japan’s accession to the GATT, European nations used Article 35 of the GATT to discriminate against Japanese exports. An end to use of Article 35 was negotiated in the mid-1960s, but were immediately replaced by bilateral ‘safeguard’ measures with an equivalent effect.

³ The Commission was consistently rebuffed on this point, leading to frustration after the Council proved inflexible in reconsidering the mandate terms in 1971. The negotiations, the first trade initiative for the Commission following the Kennedy Round, ended a failure, with the eventual shelving of negotiations in 1972.

The complexity of the Community framework may also have contributed to Japanese
disenchantment with diplomatic relations with the Community. However, it is unreasonable to hold the
complexity of the EC system as a reason for ineffective relations. A more credible barrier to cooperation
was the palpable friction between negotiators who were still unwilling to understand their counterparts.
The Commission officials continued to exhibit a certain ‘high handedness’ in dealing with the Japanese who
responded with a healthy scepticism about the Commission’s viability.

Nonetheless, Japan already had begun to find the EC to be a useful diplomatic partner. EPC’s
emphasis on declaratory diplomacy fitted well with Japanese foreign policy. Strengthened relations with
Europe also helped Japan to assert its own status vis-à-vis the US through increased international activity.
Concretely, the Japanese Foreign Minister became in 1980 the first non-EC Minister to be present at a
Council of Ministers. Joint political coordination between EPC and Japan was also achieved regarding

Full attention was given to Europe following the EC application for GATT resolution of a liquor
tax dispute with Japan. Previous estimations of the Community’s influence in Europe were finally revised
upwards. Although the Commission, representing the EC, was not seen as a full partner, Japan could no
longer fail to account for its impact. The 1982-83 trade disputes were a key transition point between the
old and the new eras of EC-Japan relations. Japanese concern over the consequences of being isolated

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5 The Japanese government is said to have experienced ‘a certain bewilderment’ lacking ‘a proper
understanding’ of EC competences in negotiations with the EC. C. Hosoya, ‘Relations Between the European
7 Japanese Foreign Minister Okita attended the Luxembourg Council of April 1980 to coordinate a response
to the US’s decision to break off diplomatic relations with Iran during the Iranian Hostage Crisis. Both the EC and
Japan decided to recall their ambassadors from Tehran. See S. Okita, Saburo Okita: A Life in Economic
Diplomacy (abridged in English by D. Botsman) (Canberra, 1993), pp. 78-79.
8 The Iranian Crisis produced active Euro-Japanese policy coordination, but other early examples of
political cooperation often amounted to mere cooption of EPC declarations by Japan. See H.W. Maull, ‘The
Unfinished Triangle: European-Japanese Relations in the 1980s’, Contemporary European Affairs, 3:1/2 (1990),
51-71, p. 64.
internationally was realised when faced with criticism from both the US and the EC over its trade practices.\textsuperscript{9}

Again the appearance of a ‘shock’, in this instance the 1983 ‘Poitiers shock’, shifted the Japanese approach from a complacent maintenance of the status quo to a new compromise.\textsuperscript{10} The Poitiers Shock was the French government’s announcement of the rerouting of all Japanese VCR exports to France to a single customs station. The policy was short-lived, but has continued to exist in the memory of trade negotiators ever since. It was a dramatic statement underlining the capability of any trade dispute to spiral out of proportion to its actual economic impact when it becomes a political issue.\textsuperscript{11} One of the innovations to arise from this period of confrontation was the beginning of Japan’s approach of offering market-opening packages to Western nations.

The 1982-1983 trade disputes further exposed the inadequacy of Japanese contacts with the EC. Setting aside infrequent visits by heads of government, Japanese leaders had few regular opportunities to interact with EC officials. Prior to 1983, contact was mainly limited to the multilateral economic summits of the OECD and the G-7. Japan’s experience with multilateral organisations is tinged with memories of the opposition and delay imposed on their membership applications. More relevantly, Japan’s traditional low international profile was also exercised in summits, hindering the international influence of Japanese statesmen for many years.\textsuperscript{12} However, Japan has come to utilise the medium to its fullest potential.

Before successive G-7 summits in 1981 and 1982 the Japanese government released proposals for new

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\textsuperscript{11} This particular dispute was resolved with the negotiation of a group of VERs in 1983 for VCRs, light trucks, and motorcycles.

trade concessions which effectively muted US and EC criticism of Japan. Nevertheless, the Poitiers Shock revealed the limitations of the unilateral approach. By failing to develop a strong bilateral dialogue with the EC, the more specific and nagging trade frictions were permitted to erupt into political disputes. The need for an improved bilateral relationship clearly became a priority.

The response was to hold immediate bilateral talks with Commission members. Commissioners Haferkamp and Davignon travelled to Tokyo in February 1983 to negotiate a complicated package of agreements restraining Japanese exports in sensitive sectors. This mission also laid the foundations for the establishment of the first framework of regular consultations between the EC and Japan.

The Commission’s leadership in these negotiations was an important step forward in the Commission’s development of its executive authority in EC relations with Japan. The 1982-83 dispute represented the Commission’s first substantial intervention on behalf of European industry with Japan, replacing the previous pattern of EC-Japan trade disputes being resolved with bilateral arrangements by the individual Member-States. The Commission’s assertion of a role in the economic aspects of the Europe-Japan relationship revitalised the EC-level of the ‘dual-track’ and renewed the drive to deepen the Community’s political dialogue with Japan.

The momentum for EC-Japan cooperation was maintained through a patchwork bundle of dialogues which grew-up over the next few years. An initial framework of political consultations was established on 1 March 1983 for semi-annual meetings between the Japanese Foreign Minister and the President of the Council of Ministers. Trade and Economic Ministerials were initiated in 1984 and High-Level Consultations at the level of Directors-General for political affairs were added to the dialogue.

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13 Impending EC criticism of the trade imbalance at the July 1981 Ottawa summit was cut short by the Japanese announcement of a major import promotion programme. The scene was repeated the following year at the July 1982 Versailles summit with the prior announcement of 200 import tariff reductions. Saito, Japan at the Summit, pp. 72 and 76.


in 1985. On a more general level, European Parliamentarians regularly have met their Japanese counterparts on an annual basis since 1978.\textsuperscript{16}

However, the character of the EC-Japanese relationship was not significantly altered until the dynamics generated by the 1992 programme began to have an impact. It is commonly accepted that an important rationale and justification for the 1992 programme to complete the EC's internal market came from the general perception of the threat Japan posed to European trade and industry.\textsuperscript{17} Necessarily, Japanese opinion increasingly became alarmed. Since the foundation of the EC, Japan has been concerned by the dangerous implications of centralised regulation of the European economy for external trade; the fears seemed to have finally been justified.\textsuperscript{18} Japan's concern that a 'Fortress Europe' might result from the completion of the internal market was not unreasonable given the potentially threatening or ambiguous early pronouncements of EC and European policy-makers on 1992 programme.\textsuperscript{19} However, there is too little to suggest that there was a concerted plan by the EC to heighten alarm in its trading partners existed. Japan had difficulty in replacing its vision of the disorganised and unforceful EC of the 1960s and 1970s because Japanese decision-makers were slow to perceive the changed political and economic climate in Europe which fostered momentum in Jacques Delors' dynamic leadership of the Commission. After it became clear that 1992 programme was making substantial progress and had raised expectations of success throughout Europe, Japan began to make a concerted effort to respond to the challenge.

The initial response by Japanese industry to the 1992 programme was to insure continued access to the EC market by increasing direct investment within the EC. Direct investment between Europe and Japan had been traditionally insignificant, with Europe to Japan flows being even smaller than Japanese FDI to


Europe. Starting in the mid-1980s, FDI became an increasingly important aspect of the EC-Japan relationship. Investment in Europe was welcomed, but European suspicions of Japanese investment prevented its unconditional acceptance by the EC.

The uncertain acceptability of Japanese investment was due to the character of Japanese FDI for it proved not to be a substitute for direct exports from Japan. Japanese industry maintained or even increased its export levels to Europe in the 1980s. More importantly, European industry decried Japanese FDI as a sham for acquiring a European label for products only assembled in Europe with imported parts. The EC moved to clamp down on these factories, with its 1987 Regulation requiring 40 per cent local content in products produced in Europe to be classified European. Products failing this test are subject to tariffs and AD duties.

Although Japan criticised the ‘Screwdriver Assembly Plant’ legislation as discrimination directed against its exports, the legislation also stirred concern with US manufacturers. US FDI in the EC has been substantial for a very much longer period, but did not suffer the same level of opposition. It is also true that US producers in Europe relied more heavily upon local sources than was common for Japanese firms.

The 1987 Regulation typifies the increasing reliance of the Member-States on EC framework for a response to the challenge of trade with Japan. The growing confidence of Member-States and European industry in the success of the internal market programme began to be reflected in more varied use of the

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19 See i.e. H. Yamane, ‘Japan and the EEC: and the Uneasy Partnership’, Contemporary European Affairs, 3:1/2 (1990), 87-99, p. 88 (Quoting Delors in 1989 as stating that the EC must ‘remain constantly on its guard’ against Japan).

20 ‘Thus, during the entire period from 1951 to 1989, the cumulative volume of investment by the EC in Japan reached $2.3 billion, while that of investment by Japan in the EC topped $42 billion’. H. Owada, ‘Troika Common Responsibilities and Values Link Japan, the U.S. and the EC’, Speaking of Japan, 11:118 (Oct. 1990), 1-7, p. 4


EC’s external sphere. Adopting the measure under the CCP also conferred another boost to the Commission’s executive authority as the Commission evaluates importers compliance with the EC’s local content rules and prepares anti-dumping investigations.

Gordon Daniels suggests that Japan’s perceptions of the EC are ultimately formed in comparison with Japan’s other major ally and trading partner - the US. Therefore, it is not until the EC exhibited an amount of political unity and economic integration measurable against the strength of the US that Japan took any notice of it. Increasing European unity, integration and prosperity are the keys to greater power with Japan.\textsuperscript{23} It follows from this reasoning that the success of the Single Market programme and the deepening of the EPC dimension to the EC were the main contributors towards increasing the contact and cooperation between the EC and Japan which ultimately led to the adoption of the 1991 Declaration.

\section*{II. The 1991 Declaration}

\subsection*{A. Negotiation of the Joint Declaration}

The Joint Declaration was concluded in The Hague on 18 July 1991. Identifying where the initiative for the Declaration originated depends largely on one’s own perceptions of Euro-Japanese relations. Both sides were clearly unwilling to commit themselves to a serious dialogue before the late 1980s.\textsuperscript{24} Japanese statesmen often repeated the need to improve the ‘third’ or the ‘weak’ side of the world trilateral economic relationship.\textsuperscript{25} Statesmen from both sides pronounced their desire to see closer political

\begin{footnotesize}
\begin{enumerate}
\item See Daniels, ‘EC-Japan: past, present and future’, p. 284.
\item The EC’s shift towards a more cooperative approach towards Japan can be traced to the Council Conclusions of April 1988. See EC Bulletin, 4 (1988), p. 12. The warming of UK relations with Japan was partially responsible for the shift, but was ultimately the result of Member-State consensus for a change in approach. See S. Nuttall, ‘Japan and the European Union: Reluctant Partners’, Survival, 38:2 (Summer 1996), 104-122, pp. 107-108.
\end{enumerate}
\end{footnotesize}
relations, but it was clear that there was little interest in the existing framework of dialogue. Both the Ministerial meetings and High-Level Consultations suffered erratic observance, being fully instituted only in 1990. Even when held, dialogues were admitted to be ‘nothing more than tours d’horizon of the political situation in the Soviet Union and the Third World.’

An immediate impetus for the joint declaration was the 1990 Transatlantic Declaration which authorised deeper cooperative linkages and a more intensive schedule of consultations between the EC and the United States. However, the new plateau in EC-US relations was already evidenced a year earlier with the joint EC-US Declaration of December 1989. Japan’s awareness of the changing atmosphere prompted a renewed call for closer political relations during Prime Minister Kaifu’s visit to Brussels in January 1990. The draft EC-Japan declaration was drawn up by the Japanese side and became the basis of negotiations after President Jacques Delors’s official visit to Japan in May 1991. A final high-level negotiation was held in Brussels during June between MITI Minister Nakao and Commissioners Andriessen, Bangemann and Pandolfi before the July summit in The Hague.

Final drafting was seen as a ‘tough’ process because of the mutual suspicions of the other party’s motives, European officials seeing the declaration as an effort to divert attention away from the pressing economic frictions and the Japanese chafing under the desire to link progress on economic issues with concluding the political declaration. Japanese Foreign Ministry officials saw the Joint Declaration

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27 See EC Bulletin, 11 (1990), pp. 90-91. A Transatlantic Declaration was also concluded on similar terms between the EC and Canada on the date as the EC-US accord. Ibid., pp. 91-93.
32 See Østergaard, ‘From Strategic Triangle to Economic Tripolarity: Japan’s Responses to European Integration’, p. 170.
primarily as a balance to the 1990 EC-US Declaration and as a means of restoring Japanese prestige after failing to decisively participate in the Gulf War. The balancing principle was especially noticeable in Japanese resistance to language which was different from the terms of the Transatlantic Declaration, particularly any language which referred to the EC-Japan trade imbalance.

The movement towards improved political relations also became linked with a landmark in the easing of EC-Japan economic tensions. In parallel to the negotiations over the Joint Declaration, negotiations were underway between the EC and Japan on the issue of auto imports to Europe. The final agreement was concluded in late July 1991 and positioned the EC to eliminate national quotas by 1993 and remove all import restrictions by the end of 1999. Japan agreed to extend its own Voluntary Export Restraint (VER) arrangements during the transition period preceding the date of final liberalisation.

The 1991 Auto Agreement also represents another step forward for the executive authority of the Commission as the Community acquired responsibility for trade in a key industrial sector. EC-level negotiations on auto imports became a priority for the Commission after the arrival of Martin Bangemann to the Industrial Affairs portfolio in 1989. However, the assumption of leadership proved difficult as the Commission needed to exercise its brokering skills among the Member-States as well as it diplomatic skills with the Japanese government.

The EC-Japan trade in autos previously had been regulated by a mixture of official and informal bilateral accords which severely limited Japan’s share of the European car market. More than the economic importance of the sector, automobiles represent to car manufacturing Member-States ‘an

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institution, a tradition, a symbol of industrial strength'. As a result of this high sensitivity of several Member-States, the Commission was compelled to conduct the negotiations with the Japanese government informally without an official Council mandate. Nevertheless, the Commission was able to forge a compromise which satisfied European industry as well as the Member-States. The final agreement itself is an informal and non-public agreement, respected by the European and Japanese automobile industries, but legally unenforceable.

B. The Substance of the Joint Declaration

The Joint Declaration is a symbolic agreement between Japan on the one side and both the European Community and the Member-States on the other side. The joint participation of the Community and the Member-States seems to be based more on political considerations rather than legal necessities. The Declaration was concluded as an executive level agreement without the full legislative scrutiny and adoption process being taken by the European Parliament and Council. No substantive legal obligations arise from the Joint Declaration, except to maintain the annual cycle of meetings. Therefore, the Joint Declaration only compiles a list of common interests with the potential for useful coordination and cooperation and establishes a framework for further discussion without any obligation from either side to take positive action.

Nevertheless, joint participation of both the Community and its Member-States is essential because many of the agreed areas of common interest lie outside the competences of the EC, falling into the sphere of Political Cooperation. The Joint Declaration represents both a continuation of past contacts between

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39 Topics for discussion are enumerated in subdivision 3 of the Declaration ‘Objectives of Dialogue and Cooperation.’ The list includes: Support of UN and other IOs, Support for free and democratic societies, Security cooperation on weapons of mass destruction, Promotion of world economy, Mutual market access, Support for the developing world, Cooperation on transnational issues, Joint efforts in Science and Technology research, Support to East Europe, Cooperation in Asia-Pacific.
the EC and Japan and also a new formulation of the relationship. The Joint Declaration can be viewed in legal terms as a formalisation of the existing political dialogue with Japan that had been conducted since 1983. The intensity of the dialogue was also increased in the process of formalisation to append a higher and lower level of dialogue around the existent scheme of semi-annual foreign ministers meetings and annual ministerial reunions between the Commission and the Japanese government.\(^40\)

Involving both the EC and the Member-States as participants in the dialogue from the start is an acknowledgement that effective external relations for the EU depends on the tandem operation of the EC framework with the CFSP mechanism. In the early 1990s this was a viewpoint which European policymakers came to appreciate after learning from the failures in implementing EPC policies in the early 1980s. The success of the joint framework structure with regional dialogues, such as the ASEAN dialogue and the San José dialogue with Central America, provided a momentum to adapt the principle of joint participation to new fora.

The yearly cycle of dialogue events now includes an annual summit between the Japanese Prime Minister and both the President of the European Council and the President of the Commission. The EU-Japan summit can be criticised as being little more than an approval session for pre-agreed joint declarations. However, it is also safe to note a certain lack of substance as a feature of most gatherings at the highest political level. Summits are essential as a display of political cooperation and approval for the detailed activities of subordinates. This is particularly important when dealing with the consensus-oriented bureaucracy of Japan. Initiatives of the Japanese government are rarely announced at the political level without the prior consultation and approval of the entire bureaucratic hierarchy.\(^41\) Therefore, it is unfair to ask for summits to perform a role they are not expected to fulfil.

\(^{40}\) Unfortunately, the ministerials with the Commission remain poorly observed under the new framework, although the Foreign Minister and Political Directors sessions are regularly held. European Commission, *Europe and Japan: The Next Steps* (Communication from the Commission to the Council) (COM(95) 73 fin, 1995), p. 7.

Regular working level meetings are also an essential feature of the new framework. The Presidency of the Council is obligated to brief its Japanese interlocutors following CFSP discussions in the Council and the Japanese reciprocate with briefings on Japan’s foreign policy. No role for the Commission is explicitly indicated in this provision, nevertheless, the Commission’s shared responsibility for the coordination and consistency of CFSP ensures it a place in working level contacts as well. An entire network of working-level contacts exists between the Commission and the Japanese mission in Brussels which prepare the ground for agreement on cooperation activities at the ministerial level. The formal framework has recently been expanded by agreement at the ministerial level. Four administrative-level ‘working groups’ have been established to allow regular discussion between Japanese officials and Troika officials (including a Commission representative) more than once a year. The specific topics covered are Asia, the CIS/Russia, the Middle-East, and the Former Yugoslavia.\textsuperscript{42}

Momentum between formal cooperation sessions is also maintained by regular contacts between high officials and politicians in Europe and Japan. Short and informal trips are often made by Commissioners to follow-up on the progress of issues raised in formal sessions. Japanese politicians and civil servants frequently fit in visits to Brussels between the usual cycle of bilateral meetings in European capitals. Informal visits are often opportune occasions to hold spot discussions on immediate priority issues, but more often suitable for raising public awareness of international relationships with public speeches and attendance at local celebrations.\textsuperscript{43}

Less formal bilateral sessions are also a feature of most multilateral gatherings, such as the G-7, the General Assembly of the UN, and Quadrilateral Ministerials. Bilaterals are usually held immediately after the end of the official schedule ‘in the margins’ of summits. Such sessions allow for more detailed

\textsuperscript{42} The decision to establish the groups was taken at the November 1995 Ministerial, but only the ‘Asia’ and ‘former Yugoslavia’ working groups had met by the end of 1996. See European Commission, General Report of the Activities of the European Union, 1996 (Brussels, 1997), p. 340.

\textsuperscript{43} Schuman Day is a favourite occasion for Commissioners to officiate at public celebrations abroad. An additional example is Sir Leon Brittan’s recently initiated annual tradition of travelling with a group of EU businessmen on a short trip to Japan. The trips, begun in 1995, combine raising the EU’s profile among EU
discussions on areas insufficiently covered or omitted from the summit agenda. It should also be noted that there are normally ‘sherpa’ preparatory sessions prior to most summits which also afford additional contacts at the working level between the EU and its partners.

III. Formulation of EU Policy Towards Japan

The policy of the European Union towards Japan is formulated in tandem between the Commission and the Council. Policy is officially announced and authorised through the promulgation of Council Conclusions. Conclusions review the Council's understanding of the current state of affairs, providing the underlying rationale for the EU's broad policy objectives. Conclusions also set forth approval for a course of action by the Commission. It is delegated to the Commission to implement the policy goals of the Conclusions. Conclusions are designed to guide EU policy for a number of years, subject to periodic review and modification by the Council. Conclusions are not promulgated annually.44

As with Council legislation, Council Conclusions are initiated by Commission action. The Commission periodically presents a Communication to the Council on its own activities. The Communication becomes the basis for Council discussions on the Conclusions. Intensive preparatory discussion of the Communication is made in the Council Working Groups. The Working Groups draft the proposed set of Conclusions which are ultimately considered by the Council when formally presented with the Communication. At this early stage, the language of the Communication is still malleable and will often be modified in light of Working Group comments. For purposes of Japan relations, the key Working Groups are the 113 Committee and the CFSP Asia Group.

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44 The most recent Council Conclusions were released in May 1995, replacing the Conclusions of 15 June 1992.
A. Intra-Commission Coordination of Japan Relations

Within the Commission there are several DGs intimately involved in the process of review and negotiation with Japan. The most important DGs, in terms of horizontal coordination of the entire effort, are DGI and DGIII. DGI is formally designated to be in the lead for negotiations with Japan, with DGIII providing specialised sectoral expertise. Such a division of responsibility mainly reflects a traditional deference to the external relations portfolio in negotiations with international partners.

For DGI to be in the lead is to say it administers the overall Japan dialogue for the Commission, while DGIII tends to dominate the negotiation of certain specific industrial sectors, such as automobiles. Therefore DGIII officials will often participate in negotiations on sectoral issues which are part of a wider dialogue managed by DGI. Necessarily, there are preparatory meetings and missions to Japan organised primarily out of DGIII. Some friction can be expected in an arrangement where overlap occurs at the borders of issue areas which requires interservice coordination between DGs.

Interservice consensus within the Commission is a procedural requirement for action to be taken at the level of the Commission. Consensus is also an obvious requirement for a consistent and coherent policy by the Commission. Consensus is deemed to have been reached when coordination by a service provides all other relevant services with an opportunity to examine and express an opinion on proposals for action. Two avenues exist for coordination: the Written Procedure and an Interservice Group. Written Procedure, the most commonly used option, involved the circulation of a proposal through the services through the Directors-General. The proposing service requests that their own Director-General circulate the proposal to all other Directors-General. It is then a matter for each DG to conduct their own evaluation of the proposal and to recontact the proposing service with their comments.

The Interservice Group while less frequently invoked is gradually growing in use within the Commission. Somewhat more onerous and time-consuming than the written procedure, the Interservice Group operates through regular coordination sessions involving representatives from all relevant services. Proposals for action are circulated directly to the responsible divisions within the various DGs. The lead
service convenes, chairs, and administers the Group. It is the primary coordination device for Japan issues within the Commission.

The Japan Interservice Group’s schedule is not fixed, meetings are held as frequently as necessary, but generally maintain a minimum schedule of meetings in alternate months. The formal sessions represent, as usual, only the tip of the iceberg for the amount of informal interservice contacts. Most progress is achieved through informal bilateral contacts between the responsible officials in their respective divisions. As a single geographical area is involved, dossier distribution in the Japan unit is along sectoral or topical lines. This results in different members of the unit being fairly self-sufficient in their responsibilities, permitting policy to be easily aggregated at the level of Head of Unit.

Opportunities for briefing is another superior feature of the Interservice Group scheme. Members of an Interservice Group will be already fully aware of the current state of play within their own dossier, but are probably unclear on the totality of activities. The Interservice Group provides an opportunity for background papers to be circulated and for officials to give briefings on their own activities. Although the sessions can produce little more than exchanges of information, they do provide an effective and regular outlet for officials to voice their thinking and suggestions to all other interested parties.

B. Role of the Tokyo Delegation

The Tokyo delegation was opened in 1975. It represented an achievement at a time when the Commission was still only cautiously expanding its international presence. As with all EU delegations, the terms of the legation agreement were negotiated specially with the host government. The 1974 agreement with the Japanese government can be considered to be relatively generous in providing comparable conditions to the Vienna Convention on Diplomatic Relations of 1961.\textsuperscript{45} Initially operating from the

premises of the Belgian ambassador to Japan, it was not until 1979 that both the Commission and the
Japan established separate premises for their respective delegations.46

The Tokyo delegation has always held an important place in the Commission’s dialogue with
Japan. On a purely functional level, the delegation is an essential linkage because of the necessity of its
translation services. Although direct personal communication with members of the Japanese civil service
can sometimes be conducted through English, there is a considerable time-lag involved in the transmission
of English translations of Japanese government documentation. Accordingly, Commission fonctionnaires
are also especially obliged to pass communications through the delegation when a Japanese translation is
required. This discipline in communications contrasts with the more frequent circumvention of formal
diplomatic channels in third nations where Community languages are spoken.

The Tokyo delegation also participates in the system of local coordination among the Member-
State embassies. The Head of Delegation attends a regular coordination meeting with all EU ambassadors
in Tokyo. At the level of Commercial Counsellor, coordination by the EU delegation produces a corpus of
common concerns which filter back to Brussels for input on the priorities of the Commission’s negotiation
agenda.47

On the management side, the delegation provides an interesting look into the operation of the
Commission Services. The establishment of the Tokyo delegation represents a considerable commitment of
resources on the part of the Commission, therefore, relations with Japan can easily be considered a major
interest of the Commission. Nevertheless, the Commission was slow to reflect these priorities in its internal
structure. Relations with Japan have always been part of the external relations portfolio of DGI, but
responsibility for administering the relationship has been shifted several times within DGI itself.

Prior to the establishment of the CCP, Japan relations was conducted from the textile unit within
DGI, as textile negotiations was the primary point of interaction between Japan and the EC. Japan

46 Under the principle of reciprocity, the expression of diplomatic representation between exchanging
nations is a mirror image of each other. Ibid.
relations eventually migrated to a broad geographically-based unit for Relations with the Far East which also encompassed relations with Australia and New Zealand. It was from this Far East unit that the early operation of the delegation was directed.\textsuperscript{48} A separate Japan unit did not appear until 1979, coinciding with the establishment of the delegation's separate premises, but linked more closely to the rapid intensification of Community contacts with Japan in the late 1970s. It is perhaps not a coincidence that the establishment of the EC's first innovative programme towards Japan, the Executive Training Programme, also dates from the creation of the Japan unit.

C. Commission Linkages with the Member-States

In addition to Commission participation in Council Working Groups, a formal linkage is also maintained between the Commission and the Member-States in the form of the Japan Experts Group. Chaired by the DGI Director for Relations with Far Eastern Nations, the Group brings together senior national representatives for Japan affairs.\textsuperscript{49} Sessions are normally for a single day and are held regularly twice or three times a year.\textsuperscript{50} Organised on the initiative of DGI, the Experts Group serves an important consultative role for the Commission, but has no legal control over Commission activities.

As with most Commission working groups, the national representatives are normally the same officials who advise policy to their national governments. Meetings of the Experts Group permits the Commission to be informed of Member-State priorities and to sound out potential support for Commission proposals. This regular exchange promotes a harmonious relationship between the Member-States and the Commission, a critical prerequisite for the effective formulation of EU policy.

\textsuperscript{48} Prior to the establishment of the Tokyo delegation only 3 DGI fonctionnaires were assigned to Japan relations. Rothacher, \textit{Economic Diplomacy between the European Community and Japan 1959-1981}, p. 289.

\textsuperscript{49} Needless to say, there is some variety among the Member-States as to the identity of those representatives. Officials from Foreign Offices, Trade Ministries, and Permanent Representations have all served as representatives.

\textsuperscript{50} As the sessions involve national representatives, partial translation is normally provided. Partial translation entails translation of five language into three, which usually signifies bi-directional translation between English, French, German and only translation \textit{from} Italian and Spanish.
IV. The Post-Declaration Framework of Cooperation.

The present EU-level relationship between the Europe and Japan can be subdivided into three separate elements: the market access dialogue, export promotion, and the cooperation dialogue, which includes the political dialogue. The Community has a part in each of these activities, but the character of the participation is different in each case. As the Community's executive, it is the Commission which holds the implementation role in the dialogue, with the attendant institutional dynamics between itself and the Council and the Parliament shaping the formulation of policy.

Despite the revised framework since 1991, neither the Commission, Council nor even the Community can be said to be in full command of EC trade relations with Japan. This observation reflects the continuing tension between EC efforts and Member-State activities which has historically prevented an unified approach to Japan. Within each aspect of the EU-Japan dialogue, there is both a EC and a Member-State dimension, maintaining the dual-track structure long existing in European relations with Japan. It must be borne in mind that the EU-level dialogue while fairly comprehensive and stable, still fails to incorporate all elements of Member-State trade relations with Japan.

A. The Market Access Dialogue

Discussions on market access are the longest established linkage between the EU and Japan. It is also the linkage with the strongest foundation in the Treaties of Rome. EC competence arises directly from the tariff implications of the Common External Tariff and the Common Commercial Policy. Additionally, there is the potential for indirect trade implications from the internal market creating non-tariff barriers to foreign imports. Nonetheless, the history of EC-Japan relations has shown that the Member-States have resisted full EC competence on this issue given the political and economic importance of trade with Japan.

What has emerged is a continuous and rigorous cycle of review and negotiation on the part of the Community of Japan's efforts to liberalise its economy. The Council is the ultimate authority within the Community for this exercise, but it mandates the Commission to carry out the actual administration of the
relationship. The Commission executes its strategy based on Council guidelines and reports back annually on progress in a Communication to the Council.

The Commission's exercise of its authority in trade negotiations has exposed two differing, yet complementary efforts within the Commission to centralise external trade responsibility in its own hands. DG IV focuses on 'tracking down' and replacing industrial agreements concluded without government involvement while DG I effects to prevent national government control in external trade issues at all. It is a recognition by the Commission that there are significant trade negotiations between Europe and Japan which fall outside the nominal powers of the Community to regulate EC external relations. The EC's treaty authority to regulate Community Commercial Policy can not be said to be effectively exercised if the mainstay of commercial activity is outside Community regulation. Additionally, as the Community strengthens its responsibility for trade policy, it will become increasingly important for the Community to independently evaluate the priorities for EC trade policy. The market access dialogue is an attempt to perform both these tasks of evaluation and implementation of EC trade policy. It can be further subdivided between the Deregulation exercise and the Trade Assessment Mechanism. Sectoral negotiations are still an integral part of the dialogue, but are now incorporated into the more specific cooperation dialogues maintained by the Commission.

1. Deregulation

Removal of structural impediments to imports within the Japanese economy has been an avowed goal of successive Japanese governments for over ten years. Nevertheless, Western industries and governments are still unsatisfied. Some of the more confrontational analysts characterise deregulation efforts as insignificant 'window dressing' which leaves trade barriers effectively untouched. A more

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52 The Commission officially subdivides the market access dialogue into four parts: deregulation, tariff barriers, standards, testing and certification and structural obstacles. However, it is the deregulation dialogue which is the highest priority for the EU. See European Commission, Overview of EU-Japan Relations (July 1996), pp. 5-6. The Trade Assessment Mechanism, although not formally part of the market access dialogue is the other intensive dialogue that the Commission maintains with Japan on trade issues.
sympathetic view urged by the Japanese government stresses the unique characters of the Japanese economy and consumer which prevents the removal of practices which are only perceived as barriers to trade. The Japanese government is quick to point out that the most obvious barrier to imports, tariffs, are quite low and in line with other industrialised nations.

One approach to this question has been dissemination of the EC’s Market Access Document (MAD) in tandem with deregulation negotiations with the Japanese Fair Trade Commission (FTC). Originating out of an exchange of letters in 1994 between President Delors and Prime Minister Murayama, the deregulation dialogue is a effort at traditional bilateral negotiations. However, the MAD exercise is more an efficient effort because it compiles in one paper all the various requests for deregulation from European industry.

The MAD has become a powerful negotiating tool. Negotiations can be based on particular issues which is more useful than previous ambiguous calls for reform. Negotiations can more easily be balanced between long-standing and fundamental issues which will need extended work and more recently-arising barriers. Finally, the MAD allows the easy monitoring of progress in negotiations as barriers are so particularly identified. The need to institute specific reforms applies more pressure on the Japanese government to make real reform than water down reform with general measures.

The MAD is updated yearly, but revisions are regularly made following announcement of deregulation programmes. The process becomes a continuous cycle as EU announcements praising or criticising reforms feed into the next round of deregulation negotiations.

2. Trade Assessment Mechanism (TAM)

The TAM is a unique system of dialogue to eliminate non-tariff barriers, based on statistical analysis. Established in 1993, the TAM is a mutual attempt by the EU and Japan to identify exports which are underperforming in the other’s market vis-a-vis trade to other comparable economies. The framework

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53 Seven market opening initiatives were instituted by Japan between 1981 and 1985. See Østergaard, ‘From Strategic Triangle to Economic Tripolarity: Japan’s Responses to European Integration’, p. 177.

examines a limited number of products, selected by the investigating party from the list of its largest exports to the other's party's market.\textsuperscript{55} Performance in the partner’s economy is compared with export performance in the other G-7 nations.

The TAM has completed two rounds of negotiations in the three years of its operation. The duration of each round was not pre-fixed but was more practically tied to the necessary length of time required to examine each complete set of products. Negotiating sessions of ‘statistical experts’ are held relatively frequently, approximately every three months, alternating between Brussels and Tokyo.\textsuperscript{56} Meetings are usually held over two days, and usually focus on drafting working papers for the next session. Each session is co-chaired by an EU and a Japanese official at the level of Head of Unit. The EU chair is the Head of the Japan unit, DGI\textsuperscript{57} and the Japanese side is represented by the Director of the First International Economic Affairs Division of Gaimusho, EU Directorate.\textsuperscript{58} Each side is composed of a large delegation of experts from throughout the various ministries and DGs.\textsuperscript{59}

Although the TAM is specifically concerned with statistical analysis, its original purpose had a much more general application. The Commission found it difficult to follow-up the 1991 Joint Declaration with a regular dialogue with the Japanese. Japanese officials were reluctant to engage in a dialogue which would be simply turn into another forum for one-sided criticism of the Japanese economy. The TAM was successful in enticing Japanese participation by applying a neutral and mutual process of statistical evaluation of trade issues.

\textsuperscript{55} In the first round, 30 EU products were examined from the list of the 100 largest exports to Japan. The second round examined 50 EU products from the 200 largest exports.
\textsuperscript{56} The April 1995 meeting of the statistical experts in Tokyo was the 12th such session since the establishment of the framework in 1993.
\textsuperscript{57} The DGI Head of Division, Japan between 1993 and late 1996 was Mr. John B. Richardson.
\textsuperscript{58} Director is the Japanese equivalent of Head of Unit in the Commission. At the April 1995 session, Mr. Miwa was Director.
\textsuperscript{59} Japanese representation can include officials from Gaimusho, MITI, the Ministries of Finance, Agriculture, Forestry and Fisheries, Health and Welfare, Post and Telecommunications, and the Economic Planning Agency. The Commission’s representation can include officials from DGI, DGIII for Industry, DGVI for Agriculture, and the Tokyo delegation.
In practice, the TAM has won continued Japanese enthusiasm for the forum over from their initial reluctance, despite the TAM's results being nearly entirely against Japanese practices. This is both a testament to the successful maintaining of the TAM's air of impartiality, and the openness of the EC economy. Clearly, such a forum would have highlighted any EC practices perceived as part of a 'Fortress Europe'.

Nearing completion of the second round, two issues have become increasingly important. The first is the necessity of applying a systematic methodology to the services sectors of EU-Japanese trade. The second is the need to reformulate the TAM methodology itself. With completion of the second round, approximately one-third of total EU-Japan trade will have been examined. Assuredly, the approach has been comprehensive in its scope, but it also apparent that the method of choosing and evaluating problem products can not be equally valid for all types of goods. The approach for services would also require a conceptually different approach to be effective. These considerations have given rise to the expectation that the TAM, in its present form, is nearing the end of its utility, with an assured prediction by Commission officials that the dialogue will continue in a different format.

A final aspect of the TAM is the support it lends to the Commission's efforts to gain control of the trade agenda for Europe. Many of the Commission's priorities for trade negotiations are pressured from outside the Commission from the complaints of European industry. Additionally, many industries have attempted to control their own destiny by concluding VERs with their opposite numbers in Japan with a minimum of government regulation, either on the national or EC level. As a result, government intervention is often restricted to pressuring Japan industry indirectly to sit down to negotiations with European industry. Similar to the MAD, the TAM introduces a measure of methodology and systematic analysis to the issue of barriers to trade. With the results of the TAM, the Commission can ensure the

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60 See European Commission, Europe and Japan: The Next Steps, p. 12. The Commission has also proposed to extend the TAM to the investment and distribution sectors. See Europe, 6718 (29/30 April 1996), p. 6.
market access dialogue activities are guided by facts and reason rather than only the loudest or most persistent cries of European industry. 61

B. Export Promotion

Surprisingly, the EC has already conducted export promotion activities for several years. Export promotion represents an atypical activity for the Community from the legal, political and operational perspectives. Legally, there is no specific treaty provision or other legal basis for export promotion by the European Community. Politically, export promotion is unusual as an activity normally considered within the realm of national action and competence. Operationally, export promotion seems amiss as it depends on the Commission's weakest resources as a very personnel-intensive and finance-dependent activity and an activity requiring business acumen as well administrative competence.

The incongruity is explained by the emphasis of EC’s export promotion being placed on image creation as opposed to more interventionist support to favoured industries provided by national programmes. EC export promotion concentrates on promoting, through publicity, the uniform excellence of EC industry within the Single Market as a means of boosting the exports of all Member-States. The oldest programme coordinates the common promotion of EC textiles abroad. Small export promotion programmes also exist for many other national markets, including China and the United States. 62 The Japan EXPROM programme is an exceptional example of Community export promotion.

Authority for export promotion always had been found under Article 113, being construed as an element of the CCP. Operating without a specific legal basis did not produce many problems as long as the programme remained financially small and ancillary to other Commission activities. Under the current understanding between the Commission and the European Parliament, the Commission must provide a

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62 The various EXPROM programmes, excepting Japan EXPROM, have been amalgamated under a single Commission framework and budget. Previously, each programme was organised and paid from the budget of the relevant geographic or sectoral desk.
specific legal basis for all proposals for financing which exceed 5 MECUs. While other Community export promotion programmes had never reached that level of financing, the Japan EXPROM programme crossed the threshold in 1995.

In compliance with the European Parliament's request for a specific legal basis, the Commission proposed in late 1995 a Council Regulation to authorise the Japan EXPROM programme under Article 113. The proposed Regulation has remained in limbo within the Council for over a year and seems unlikely to emerge for some time. Controversy alights from the exclusivity of Commission activity flowing under Article 113. As has already been made clear, the CCP is a rare example of exclusive and preemptive Community competence under the Treaties. Member-States are increasingly unwilling to consider adoption of any measure on the basis of Article 113 as it has the potential to obstruct their own activities. Several Member-States remain unconvinced, despite repeated Commission pronouncements to the opposite, that use of Article 113 would lead to the eventual elimination of all national export promotion programmes. The Commission has pursued use of Article 113 over Council opposition with the desire to attain maximum flexibility in implementation. One important fear remains that any other legal basis will be insufficient to authorise the full range of promotable sectors. Regardless of the length of the legislative impasse, the existing EXPROM programme is unlikely to be affected. The continued success and popularity of the programme insures that it is maintained at current levels for the foreseeable future.

The Japan EXPROM programme has three components: ‘Gateway to Japan’, the Executive Training Programme, and Ad hoc projects. EXPROM presents an integrated and comprehensive

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64 As of April 1997.
66 Ad hoc projects are simply that, activities imparting an EU-level of identification outside the normal export promotion framework. A wide variety of activities are sponsored, including: market studies, conferences, and trade fair assistance. The Commission provides a certain subsidy and only monitors implementation, it does not organise or administer these activities. The 1996 budget for ad hoc projects was 2.3 MECUs. See European Commission, ‘EXPRO: Export promotion programme to Japan’, DGI Homepage- Europa Internet Server, (http://www.europa.eu.int/en/com/dg01/pol30.htm) (February 1997), p. 4.
approach to export promotion developed from the various Commission initiatives accumulated over time. The approach aims to offer a spectrum of assistance programmes tailored to fit EC exporters at varying levels exposure to the Japanese market. Not all three programmes are appropriate for the same company at once, although it is projected that EXPROM will suit the same company over time as the company continues to deepen its export experience.

1. ‘Gateway to Japan’

‘Gateway to Japan’ (GTJ or Gateway) is the Commission’s equivalent of a Member-State’s national export promotion programme, organising participation of EU Member-State companies in trade fairs and trade missions in Japan. The programme concept was first attempted with a three-year pilot campaign named 'Export to Japan' which was successfully completed in July 1993. Gateway began as a three-year campaign operating between February 1994 and October 1996. A successor programme, Gateway II, has already begun operation to the year 2000.

Efforts are concentrated into a handful of sectors which must fulfil five criteria proving the amiability of the sector to promotion. The criteria are: 1) Existence of an established trade fair in Japan, 2) An solid and credible pan-European trade group which represents the industry, 3) Industry interest from all Member-States 4) Globally competitive industry which is underperforming in Japan, and 5) Market potential in Japan. Finally, potential sectors for Gateway must also be complementary with Member-State programmes. This is to say that the Commission will refrain from promoting sectors which there is a

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67 The total budget for GTJ was 7.9 MECUs, slightly more than the 7.8 MECUs spent in the three years of Export to Japan. European Commission, General invitation to tender n°96/S58-030948 relating to the Management of an export promotion to Japan campaign, Gateway to Japan 2, p. 2. See also European Commission, Overview of EU-Japan Relations (25 March 1994), p. 13. 12 MECUs have been pledged for the four year duration of Gateway II. See ‘EU Commission renews Japan trade promotion effort’, Reuters Press Release, 17 March 1997.
substantial Member-State investment. Instead, other sectors, not so heavily promoted or ones where no national objections occur are chosen.

The Gateway concept involves the recruitment and selection of a pan-EC group of companies for each sector. Companies are selected on the basis of their experience with and commitment to the Japanese market. Gateway strives to assist small to medium-sized companies which are already familiar with the Japanese market, and are attempting to break into the new market for long-term growth there. Gateway is not geared for companies that lack the capacity to perform well in the Japanese market or alternatively companies that already have an established presence in Japan.

Once selected, companies are briefed on their sector’s performance in Japan and on the general character of the Japanese market. Companies attendance at a trade fair is arranged around a common ‘Gateway’ pavilion and comes provided with further briefings during the fair. Trade missions are designed to follow-up and reinforce the EC presence in Japan, especially in alternative years between major trade fairs. Trade mission participants are assisted with preparing meetings with potential partners and clients in Japan and provided with briefings and tours during their stay. In both cases, companies are provided with a partial subsidy of the cost of participation.

The management of Gateway involves non-bureaucratic actors because the constraints of the Commission’s manpower prevent more than a half-dozen officials being assigned to the entire EXPROM team within the DGI Japan unit, which also includes staffers for the ETP and Ad hoc programmes. In place of fonctionnaires, the Commission relies upon outside management consultants for much of implementation of EXPROM. Consultants are recruited by public tender and are engaged by contract for the duration of the campaign.

The EXPROM Team which administers Gateway provides the conceptualisation and overall management of the programme. All decisions are ultimately in the hands of the Commission; consultants providing resources, not decision-making. Oversight is formally maintained by monthly Project Manager’s meetings between Commission fonctionnaires and the various consultants. Necessarily, there is constant
contact between the Commission and the consultants as the EXPROM Team devotes their full-time to the active management of the programme. Additionally, the Commission participates in other coordination meetings such as the semi-annual Gateway National Coordinators Meetings.\textsuperscript{70}

The Commission also regularly meets in Brussels with Member-State representatives. These EXPROM Experts are usually the national civil servants heading their Member-States’ export promotion programmes to Japan. As a Commission committee, the Commission presides, in the person of the Head of the Japan Unit, DGI. These one-day meetings are held three times a year and fit within the Japan Experts cycle of meetings. The atmosphere of the meetings are informal and are often opportunities for the Commission to gain the goodwill of Member-States for their activities. It is interesting to note that informality is maintained although there is the use of partial interpretation.

2. Executive Training Programme

The Executive Training Programme (ETP) is the oldest and the most unique dimension of EXPROM activities. ETP is devoted to the recruitment and education of young corporate managers in the language and business practices of Japan. Established in 1979 as a response to the repeated Japanese criticism that Europeans does not know enough about Japan, ETP seeks to redress the balance of information. The Commission sponsors approximately 40-50 EU businesspeople to spend eighteen months in Japan, comprised of an one-year intensive language instruction course and a six-month training placement in a relevant Japanese business.\textsuperscript{71}

Again there is a selection ethos which guides the Commission’s criteria of suitability for candidates and companies for the programme. Potential candidates are tested for language aptitude and interviewed to assess their compatibility for the stress of living abroad for an extended period. Sponsor companies should be new or nearly new to the Japanese market, but committed to establishing themselves there. It is clearly important that the limited resources of the programme not be spent on a company too small to spare the

\textsuperscript{70} These meetings can be held outside Brussels and bring together all Project Managers with the local promoters in each Member-State.
candidate, not support the candidate during his absence, or not find a value-added use for the candidate upon his or her return.

The financial expense involved can not be exaggerated when approximately one-half of the entire EXPROM budget is spent on ETP. This cost, including a monthly stipend to all participants, does not cover all the participant’s living expenses. Especially given the recent appreciation of the Yen, sponsor companies are expected to continue financial support of their employees to ensure a commensurate lifestyle to the one left in Europe.\footnote{Upto ETP XVI in 1995, 641 people have completed ETP. By ETP 10, over 500 candidates had completed training. European Commission, \textit{Third Follow-Up Review ETP I-IX}, p. 5.}

Recruitment is a task which has been partially delegated to contracted consultants who advertise and hold recruitment events throughout the EU to attract interest to the programme. On the Japanese side, consultants assist in securing participants suitable six month placements in Japanese business. The consultants also perform a pre-selection of candidates with evaluating the candidates’ CVs and language aptitude. Nevertheless, it is the Commission which conducts the final interviews and holds the final decision in candidate selection.

ETP has been an immensely successful programme. Many ETP candidates, although not all, go on to use their training to establish corporate branch locations in Japan or return to coordinate corporate Japan strategy from Europe.\footnote{The Yen/ECU rate appreciated from 162.01 in 1992 to 125.62 in 1995. European Commission, \textit{Europe and Japan: The Next Steps}, p. 13. EC sponsorship of candidates is halved for a second placement, and fully withdrawn for third and subsequent candidates from the same company.} ETP has also immeasurably raised the profile of the EC in Japan. It is stated with some authority by Commission officials that there is hardly a company in Japan which has not heard of ETP, if not had direct dealing with ETP participants. This success may provide some of the explanation of the uniqueness of the programme. Some member-states, such as the UK, have tried to establish their own ‘ETP-style’ programmes with little success. One explanation for the Commission’s unique success is

\footnotetext[72]{It should be noted that although over 75% of ETP alumni continue to deal with EU-Japan issues, many alumni subsequently left their original sponsoring company after returning to Europe. European Commission, \textit{Third Follow-Up Review ETP I-IX}, p. 4.}
that the ETP programme is extremely well-established with contacts in the Japanese business community, preventing other programmes from getting enough prime internships for their own candidates.

C. The Cooperation Dialogue

The EU-Japan dialogue on cooperation is an amalgamation of several specific dialogues. The litany of cooperation dialogues includes: Industrial policy, Competition policy, Science and Technology, Telecommunications, Financial Services, Transport, Social Affairs, Development, Environment, and Culture. Each dialogue is administered directly on a bilateral basis by the relevant Commission DG with its Japanese ministerial counterpart. In several cases, the dialogue has yet to develop beyond annual exchanges of viewpoints and information. The most successful dialogue to date is in the area of industrial policy.

DGIII for Industrial Affairs is in the lead for the Commission in the Industrial Policy sector. The focus of the cooperation agenda is the annual summit which has been held between the Commissioner and the Vice-Minister of MITI for International Affairs since 1993. The summit is prefaced by two preparatory consultations between the DGIII Director for Industrial Policy and MITI's Director General for International Trade. Arising from these regular contacts has been the creation of additional working group level sessions which are held on specific sectoral issues, such as Information policy, Biotechnology policy, and Standards and Quality. The cooperation dialogue has also been very successful in involving the EU and Japanese business community. An annual 'Industrialists Round Table' and several sectoral conferences bring prominent business leaders together to discuss industrial policy and build cooperation networks.

74 See European Commission, Overview of EU-Japan Relations (July 1996).
75 The Round Table of Industrialists is co-chaired by Mr. Etienne Davignon and Dr. Tadahiro Sekimoto. Begun in 1995, the third meeting was held in October 1996 in Tokyo. The fourth session is scheduled to return to Brussels in October 1997. See European Commission, 'Outline of the EU-Japan Round table', DGI Homepage - Europa Internet Server, (http://www.eu.japan.co.jp/rt/meeting.html) (March 1997).
A more permanent expression of EU-Japanese industrial cooperation is the Industrial Cooperation Centre (ICC) in Tokyo established as joint venture with JETRO in 1987. The ICC provides European businesspeople in Tokyo a resource centre for understanding the Japanese market. One important resource is the information databases and reference library available to research potential contacts in Japan. The ICC also provides the base for several joint DGIII/MITI educational exchange programmes.\textsuperscript{76}

Conclusion

In characterising the course of EU-Japan relations in the post-war period it is relatively easy to express an overly negative and one-sided view. While it is hard to deny the existence of some stereotypes to either side of the debate, the most important observation is surely to note the present improvement in relations. The EU-Japan relationship continues to experience various trade frictions, but viable mechanisms now exist to absorb political stresses through regular consultations and cooperation. These stabilising mechanisms are the product of the European Union’s participation in the European dialogue with Japan.

However, development of the political cooperation dialogue is only one portion of the changes in the European policy. Trade relations with Japan increasingly have been incorporated into the EC’s external competence. This shift was mainly the result of the Commission’s assumption of a wider executive role in Community trade relations with Japan during the 1980s.

During the 1960s and 1970s, the Member-States denied the Community competence over the most important aspect of the EC-Japan relationship, trade in sensitive products such as automobiles, thereby hindering the development of the supranational level in EC-Japan relations. In the 1980s, these trade sectors had not decreased in importance to Member-States, but greater use was made of the EC framework as Member-State’s confidence grew in the Community to defend critical national interests. A large portion

\textsuperscript{76} See European Commission, ‘Outline of the ICC’, \textit{DGI Homepage - Europa Internet Server}. 

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of this confidence can be attributed to the effectiveness of the Commission’s executive role in completing the internal market. This general confidence in the Commission was made concrete with the succession of specific trade initiatives which displayed the Commission’s capacity to act in the external sphere. Successes such as the auto negotiations of 1989-91, the post-1991 market access dialogue, and the EXPROM programme have maintained the momentum underpinning the strength of the Community’s executive role in EU-Japan relations.

Reforms within the European economy have also produced a consistent stability in trade relations with Japan. Japan stills maintains a sizeable trade surplus with Europe, but European imports to Japan have continued to grow faster than Japanese exports to the EU. The EU is now firmly oriented to pursue positive trade goals of increasing its own competitiveness, in addition to constructively proposing market access measures to Japan. The era of national quantitative restrictions on Japanese exports is over.

In a wider context, the Joint Declaration and the current cooperative framework were established during the period of upheavals in Central and Eastern Europe. From an administrative viewpoint, it is impressive that the Commission had the resources and flexibility to deal with both the emerging situation in the former Soviet bloc while maintaining and even expanding relations with its traditional partners. EC activities in the Japan dialogue also have shown that the Commission has the ability to adapt to new challenges and to provide the necessary linkages to further external relations on a pan-European level.

Another point from the administrative perspective is the evolving development of functions and activities by the Commission to pursue deeper relations with Japan. Most of the framework of Community activities developed since the Joint Declaration is outside the traditional scope of Community action. Nevertheless, support continues from the Council and the Member-States. Member-States have proved consistently amenable to schemes which complement their own activities and have economies of scale

78 All remaining national QRs against Japanese exports have now been eliminated. See European Commission, Overview of EU-Japan Relations (November 1995), p. 8.
which are only available on the European level. Two of the most successful examples of this type of EC activity are the TAM and the ETP. Nevertheless, the formalities of EC procedure are also used by the Member-States to contain the growth of EC activities, such as Gateway, which have the potential to compete with existing national frameworks for external action.

In conjunction with the increase of direct implementation activities has been a growth of pressure group involvement in the EC’s external sphere. Most pressure group activity has been focused on the internal market, especially since the SEA of 1986 stimulated the drive to complete Project 1992. Where no pan-European policy network existed, the Commission has typically pursued a ‘constituency mobilization strategy’ to develop the European-level debate. The EXPROM programme to Japan is an archetypal example of the strategy. Pan-European trade groups have been emphasised from the start as the appropriate national partners for the Commission’s promotion efforts in Japan. Pressure group activity is certain to increase in step with the expansion of the Commission’s direct implementation efforts in the external sphere.

**NB:** This paper arises from research undertaken in pursuance of a Ph.D. at the University of Cambridge. The paper further relies upon several uncited interviews of the author with members of the Commission Services and other officials involved in EU affairs. The author also served a *stage* with the Commission in the Unit for Relations with Japan of DGI from April to July 1995.

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