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Working Documents

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REPORT

drawn up on behalf of the Committee on
External Economic Relations

on

- I. participation by the European Community in
the 1985 TSUKUBA (Japan) International Exhibition

- II. the scheme for the training of junior European
business executives in Japan

Rapporteur: Mr J. van AERSEN

At its sitting of 11 October 1982, the European Parliament referred the motion for a resolution tabled by Mrs Theobald-Paoli (Doc. 1-342/82) pursuant to Rule 47 of the Rules of Procedure to the Committee on External Economic Relations as the committee responsible and to the Committee on Energy, Research and Technology for an opinion.

At its sitting of 19 November 1982, the European Parliament referred the motion for a resolution tabled by Sir Fred Warner, Mrs Theobald-Paoli and others (Doc. 1-396/82) pursuant to Rule 47 of the Rules of Procedure to the Committee on External Economic Relations as the committee responsible.

At its meeting of 2 December 1982, the Committee on External Economic Relations decided to draw up a report and appointed Mr van Aerssen rapporteur.

The committee considered the draft report at its meetings of 24 November 1983, 24 January 1984 and 21 February 1984. At the last meeting the motion for a resolution as a whole was adopted unanimously.

The following took part in the vote: Sir Fred Catherwood, chairman; Mr van Aerssen, rapporteur; Mr Blumenfeld, Miss Hooper, Mr Mommersteeg, Mrs Moreau, Mr Pasmazoglou, Mr Rivierez, Mr Seeler, Mr Spencer, Sir Jack Stewart-Clark, Mr Vankerkhoven, Sir Fred Warner and Mr Zarges.

The opinion of the Committee on Energy, Research and Technology is attached.

The report was submitted on 29 February 1984.

The deadline for the tabling of amendments to this report appears in the draft agenda for the part-session at which it will be debated.

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A.

The Committee on External Economic Relations hereby submits to the European Parliament the following motion for a resolution together with explanatory statement:

MOTION FOR A RESOLUTION

on I. participation by the European Community in the 1985 TSUKUBA (Japan) International Exhibition

II. the scheme for the training of junior European Business Executives in Japan

The European Parliament,

- having regard to the motion for a resolution tabled by Mrs THEOBALD-PAOLI for entry in the register pursuant to Rule 49 of the Rules of Procedure on participation by the European Community in the 1985 TSUKUBA (Japan) International Exhibition (doc. 1-342/82),
 - having regard to the motion for a resolution tabled by Sir Fred WARNER a.o., pursuant to Rule 47 of the Rules of Procedure on the scheme for the training of junior European Business Executives in Japan (doc. 1-396/82),
 - having regard to its resolution of 10 July 1981 on trade relations between the EEC and Japan (OJ no. C 234, 14.9.81, p. 86),
 - having regard to its resolution of 17 September 1982 on Japanese tariffs on chocolate confectionery products (OJ no. C 267, 11.10.82, p. 114),
 - having regard to its resolution of 12 January 1983 on imports of Japanese cars into the EEC (OJ no. C 42, 14.2.83, p. 40),
 - having regard to the report of the Committee on External Economic Relations and the opinion of the Committee on Energy, Research and Technology (Doc. 1-1509/83),
- A. whereas the Japanese Government invited the Commission of the European Communities to participate in an international exhibition on science and technology in everyday life to be held in Tsukuba, Japan, in 1985, the goal of which is to achieve international harmony and cooperation by bringing together and exchanging traditional technologies and practical skills from every part of the world,
- B. whereas representatives of the Member States have expressed themselves in favour of joint participation, so as to give practical expression to the cohesion of the European Community,

- C. whereas up to now five Member States have confirmed their participation in the exhibition,
- D. whereas the Commission has proposed to the Council that it would like to take part in the exhibition with an information stand, forming a group with participating Member States,
- E. whereas the question of whether the Commission can participate in the exhibition, depends in the last resort on the budgetary authority which should approve the necessary funds (estimated at 1.350.000 ECU) for the 1985 financial year,
- F. whereas the Committee on Budgets has declared its agreement in principle with this allocation for 1985, in order to enable the Commission to start with the preparatory work in 1984,
- G. whereas an Executive Training Programme (ETP) was instituted by the European Community in 1979, the purpose of which is to improve European industry's understanding of Japan and thereby to strengthen EEC-Japan economic relations,
- H. whereas the ETP aims at the creation of a new generation of European business people who possess not only first-hand knowledge of the Japanese market but also important insights into the Japanese language and people,
- I. whereas it is a well known fact that European industries in general find it difficult to penetrate the Japanese market,
- J. whereas for the success of the programme it is crucial that the sponsoring companies make the best use of their executives who have qualified under the scheme,
- K. whereas the results of the programme will be evaluated in the near future by the Commission,
- L. whereas the companies from which the trainees are recruited do not have to contribute financially to the programme,
- M. whereas the Commission and Parliament's Committee on External Economic Relations have each year, up to the financial year 1983 without success, requested a differentiated appropriation for item 7775 (specific measures for improving knowledge of the Japanese market), in order to enable the Commission to take adequate measures for two or three years ahead,
- N. whereas the budgetary authority has indeed reserved for the 1984 Budget a differentiated appropriation of 4,420,000 ECU for this item, the lion's share of which is set apart for the training programme,
- O. whereas the Commission is developing new initiatives to establish a closer relationship between the Community and Japan,

As to the Tsukuba exhibition

1. Is of the opinion that the Community should be represented adequately at the Tsukuba exhibition, thereby taking into account that all other major economic powers have decided to participate;
2. Expresses its wish that the Commission and participating Member States form a group at the exhibition, in order to give a vigorous and convincing image of European technology;
3. Declares its agreement in principle with the allocation of the necessary funds to enable the Commission to participate in the exhibition, for the financial year 1985;

As to the Executive Training Programme (ETP)

4. Considers the ETP a practical application of a policy consisting of the creation of a better understanding within the Community of Japanese culture and economic life, in particular among European businessmen, with the aim of improving E.C. export performance to Japan;
5. Invites the Commission to investigate whether or not the ETP has been successful, and to give a full account of this investigation to its competent committee in 1984 when the ETP has been in force for five years;
6. Asks the Commission to investigate how the involvement of small and medium-sized undertakings and their associations in this programme can be increased;
7. Asks the Commission to examine the possibility of a financial contribution by the companies concerned;
8. Supports new initiatives of the Commission in order to develop a closer relationship between the Community and Japan, and expresses its wish to be informed on such initiatives in due time;
9. Instructs its President to forward this resolution and report to the Council and the Commission of the European Community.

B.

EXPLANATORY STATEMENT

I. THE 1985 TSUKUBA INTERNATIONAL EXHIBITION

Nature and theme of the exhibition

1. On 20 October 1981, the Japanese Government invited the Commission of the European Communities to participate in an international exhibition on science and technology in everyday life to be held in Tsukuba, Japan, in 1985. The Tsukuba Exhibition has been approved by the Paris-based International Exhibition Bureau (BEI) as an SIE "Specialised International Exhibition" and will be held from 17 March to 16 September 1985.

2. The theme of the exhibition will be: "Dwellings and surroundings - Science and technology for man at home". This theme will provide a showcase for the latest scientific and technological achievements in a very wide range of areas. The main aim of Tsukuba Expo '85 is to bring about international cooperation through technological exchange. It will serve as an opportunity to analyse, compare, and observe the social factors that have produced the varied skills developed by each culture. In other words, the goal of the organizers is to achieve international harmony and cooperation by bringing together and exchanging traditional technologies and practical skills from every part of the world.

3. The organizers expect about 20 million visitors. The exhibition enjoys the full support of the Japanese Government and Japanese industry.

Participation by the European Community

4. The representatives of the Member States - meeting in the Council working party on fairs and exhibitions - have expressed themselves in favour of joint participation, so as to give practical expression to the cohesion of the European Community. More specifically, the representatives of the Member States and the Commission informed the organizers, that they would like the Member States and the Commission to take part as a group.

5. Up to now five Member States, France, the United Kingdom, Germany, Italy and Belgium, have confirmed their participation in the exhibition. Other main industrialized countries, apart from Japan, which have confirmed their participation are: the United States, Australia, the Soviet Union, Sweden and Switzerland. A total of 23 countries and international organizations will participate.

6. In view of the joint participation and taking into account a certain flexibility to enable other Member States to take part, the Commission has reserved a site which will be best suited to these needs.

Participation by the Commission

7. The Commission has proposed to the Council that it would like to take part in the exhibition with an information stand, forming a group with participating Member States. The objective will be to give a vigorous and convincing image of European technology in close collaboration with the Member States to limit duplication.

8. The question of whether the Commission can participate in the exhibition, depends in the last resort on the budgetary authority. Notwithstanding the fact that it is difficult to draw up a detailed budget estimate at the present stage, the Commission thinks that the budget required for its participation should be set at 1.350.000 ECU. These funds should be approved by the budgetary authority (item 2721 - participation in international and universal exhibitions) for the 1985 financial year.

9. However, in order to enable the Commission to start with the preparatory work in 1984, it is necessary that the budgetary authority, and therefore the Parliament, should now declare its agreement in principle with this allocation for 1985. The Committee on Budgets did so on 6 December 1983.

II. EXECUTIVE TRAINING PROGRAMME (ETP) in JAPAN

Substance and purpose

10. The Executive Training Programme was instituted by the European Community in 1979. Since its inception, four groups of trainees, totalling 101 people, have come to Japan. The purpose of the programme is to improve European industry's understanding of Japan and thereby to strengthen EC-Japan economic relations in general, and improve Community exports to Japan in particular.

11. The programme consists of 12 months intensive language training, followed by six months in-house training in a Japanese company. Throughout the 18-month period, the participants also have seminars and factory visits in order to familiarize them with various aspects of Japanese economic, industrial and social life. Living and educational expenses are borne by the EC Commission.

12. The Executive Training Programme represents a novel departure in EC-Japan relations, which aims at the creation of a new generation of European business people who possess not only first-hand knowledge of the Japanese market, but also important insights into the Japanese language and people, and business practices.

13. The trainees come from nearly all EC Member States and represent a broad range of European industry. Participation in the programme is restricted to people with the following qualifications: (i) a university degree or equivalent professional qualifications, (ii) a minimum of 2 years business experience, (iii) an interest and ability in international commercial relations, and (iv) sponsorship by a European export-oriented company. Participants are selected by the EC Commission during interviews held in Brussels.

Significance

14. It is a well known fact that European industries in general find it difficult to penetrate the Japanese market. The network of relations between economic entities within Japanese society is a complicated one and for Europeans difficult to grasp. Nevertheless, the Community should do its utmost to promote its exports to Japan, for we all know that the growing imbalance of trade between the two partners is partly due to a lack of European presence in Japan.

15. One way to improve this situation is to create a better understanding within the Community of Japanese culture and economic life, in particular among European businessmen. The ETP is a practical application of such a policy. A better mutual understanding and respect between the business sectors in the Community and Japan may lead to a more balanced and harmonious trading relationship.

Results

16. As the ETP has been in operation for only three years, it is not very easy at this moment to evaluate the results of the programme. Moreover, the new personal links which thus have been created, can never be quantified. The young participants themselves however give a very positive judgement on the ETP, as can be testified by members of the EP delegation to the Japanese Parliament who met them in Tokyo, in May 1982.

17. For the success of the programme it is of course crucial that the sponsoring companies make the best use of their executives who have qualified under the scheme. It appears that some have stayed in Japan and are living and working there, and that others have returned to Europe, bringing with them a new understanding of Japan and its people, and continuing their involvement in developing business with Japan and the Far East.

18. It is, however, not clear whether the young executives are indeed given functions within their respective companies, which respond to their knowledge and experience acquired during their stay in Japan. The Committee on External Economic Relations therefore invites the Commission to give a full account of the results in this respect of the ETP, when it has been in force for five years, i.e. in the course of 1984. Technically this should not be too difficult, as it only implies an inquiry into

the careers of the former participants. Such an investigation would enable the Commission and the Parliament to judge whether the ETP bears any fruit in practice.

Costs and budgetary implications

19. This is all the more necessary, when we take into consideration that the companies from which the trainees are recruited do not have to make direct financial contributions to the programme. There are, in other words, no financial constraints for those companies to earn back the money which has been invested by the taxpayer in these young executives. If the companies were to contribute at least partially to the costs of the ETP, there would be an incentive for them to employ these executives correspondingly. The Committee on External Economic Relations therefore asks the Commission to examine the possibility of a partial financial contribution by the companies concerned.

20. As to the costs of the ETP, it may be recalled that the European Parliament has reserved in its first and second readings of the 1984 budget a differentiated appropriation of 4,420,000 ECU for item 7775 (specific measures for improving knowledge of the Japanese market), the lion's share of which is set apart for the training programme. The Commission and Parliament's Committee on External Economic Relations tried each year up to 1983, without success, to increase the commitment appropriation (thereby decreasing the payment appropriation), in order to enable the Commission to take adequate measures for two or three years ahead.

21. The Committee on External Economic Relations has always been of the opinion that commitment appropriations should be allocated for a period ending in the year when full account is to be given of the programme. In other words it is more rational to engage upon the programme for a certain period of time and to allocate the necessary commitment appropriations thereto. After that period, continuation of the programme should be reconsidered on the basis of its results.

Other initiatives

22. The Committee on External Economic Relations thinks it very important to develop a closer relationship between the Community and Japan. In the tripartite relationship, the United States - Japan - Europe, the link Europe - Japan is without any doubt the weakest. The ETP seems to contribute in a practical way to this objective and it should therefore be supported by the Parliament. But it is not the only way of improving Europe's awareness of Japan, as the Commission seems to realize.

23. In fact the Commission has launched a new initiative in the context of its Japan export promotion programme, which is aimed at helping EEC firms to increase their knowledge of the Japanese market: the so called Management Secondment Program to Japan (M.S.P.). This initiative consists of providing the opportunity for a small number of senior EEC business executives to familiarize themselves with that market at first hand. The executives should be experienced senior managers who will be able to apply their experience acquired in Japan in the formulation and implementation of the corporate strategy of their firms. In practice this means that the EEC will sponsor (and partially finance) a three-month secondment to Japan, permitting the executives to study Japanese business techniques in general and in their specific areas of interest, as well as to acquaint themselves with the Japanese market.

24. The Committee on External Economic Relations supports this initiative, thereby also taking into consideration the relatively minor budgetary implications (around 200,000 ECU for 1984).

25. Apart from the M.S.P., the Commission is preparing other initiatives for the year 1985, on which the Committee on External Economic Relations hopes to be informed in due time.

OPINION OF THE COMMITTEE ON ENERGY, RESEARCH AND TECHNOLOGY

Letter of the Chairman of the Committee to Sir Fred CATHERWOOD,
Chairman of the Committee on External Economic Relations

Brussels, 3 December 1983

Dear Sir Fred,

At its meeting of 25 November 1982, the Committee on Energy and Research considered the motion for a resolution pursuant to Rule 47 of the Rules of Procedure tabled by Mrs THEOBALD-PAOLI on participation by the European Community in the 1985 TSUKUBA (Japan) International Exhibition (Doc. 1-342/82), for which your committee is responsible.

We all know that Europe is involved both in competition and also in cooperation with Japan. Recitals B) and F) of the motion for a resolution come within our terms of reference. As far as they go, the proposal that the Community take part in this world exhibition is justified. The concept of a "European shop window" is a significant one.

There is a good deal of plausibility in the underlying assumption that the numerous contacts between researchers from the Member States which could be fostered by this venture might lead to faster progress on the road towards a European research policy.

Thus our committee is in favour of approving the proposal, particularly in the light of paragraph 3 of the motion for a resolution.

Yours sincerely,

Hanna WALZ

MOTION FOR A RESOLUTION DOCUMENT 1-342/82

tabled by Mrs THEOBALD-PAOLI

for entry in the register
pursuant to Rule 49 of the Rules of Procedure

on participation by the European Community in
the 1985 TSUKUBA (Japan) International Exhibition

The European Parliament,

- A. having regard to the outcome of the European Council meeting in London on 27 and 28 November 1981, recommending the establishment of a large-scale European research policy,
- B. having regard to the decision by the Japanese Government to organize an international exhibition at the 'Science City' of TSUKUBA, on the subject of housing and its environment, science and technology in the service of man (EXPO 85) and to endow it with at least the same prestige as the impressive international exhibition it organized in OSAKA in 1970,
- C. having regard to the outcome of the sixth meeting of the European Parliament delegation for relations with the Japanese Diet (Tokyo, 17-21 May 1982), and in particular the very wide consensus which emerged in favour of political, cultural and scientific cooperation with Japan,
- D. whereas, in the light of the minutes of Council meetings in 1981 and 1982 at which relations between Europe and Japan were discussed, the governments of the Member States appear to be aware of the need for Japan to shoulder international political responsibilities commensurate with its economic strength, and that they therefore wish to see Japan linked as firmly as possible to its OECD partners,
- E. whereas the Community is running far too great a deficit in its trade with Japan,

- F.** whereas scientific cooperation may help re-establish the balance of trade in the medium term, in particular by the training of European engineers and technicians in Japanese methods of research and innovation,
- G.** having regard to the absolute necessity for the European Community, with its 270 million inhabitants, to demonstrate its unity in dealing with its Japanese partner,
- 1.** Proposes that the European Community as such takes part in the 1985 Tsukuba International Exhibition
 - 2.** Suggests that the Community demonstrate its presence by coordinating the displays of the Member States, or even better by assembling them all within a giant 'showcase for Europe';
 - 3.** Points out that the preparations for a 'showcase for Europe' should increase contacts between research workers and even the political leaders of the Member States, thus helping to accelerate progress towards a European research policy;
 - 4.** Instructs the President to forward this resolution to the Commission and Council and the governments of the Member States.

MOTION FOR A RESOLUTION DOCUMENT 1-396/82

tabled by Sir Fred WARNER, Mrs THEOBALD-PAOLI, Mr SEITLINGER, Mr SALZER, Mr SPENCER, Sir Fred CATHERWOOD, Mrs PRUVOT, Mr SEAL, Mrs HERKLOTZ, Mr ADONNINO, Mrs MARTIN, Mr PETERSEN, Mr COUSTE, Sir John STEWART-CLARK, Mr LEONARDI and Mr GONELLA

pursuant to Rule 47 of the Rules of Procedure

on the scheme for the training of junior European Business Executives in Japan

The European Parliament,

- A. strongly aware of the need for a better understanding within the Community of Japanese culture, attitudes, achievements and methods,
- B. desirous of seeing a better mutual understanding and respect between the business sectors in the Community and Japan which may lead to a more balanced and harmonious trading relationship,
- C. warmly welcoming the inception of this training scheme and its reasonable success during the first few years of its evolution,
- D. noting that there has been some loss of impetus in promoting in-house training for the students,
- E. considering that the eighteen month course beginning in the autumn of 1983 is to accommodate no less than 50 executives,
 1. Calls upon the Commission to make full provision for this purpose in its budget for 1983 and 1984;
 2. Requests that sufficient personnel be reallocated or added to the staff of the Commission in Brussels and Tokyo so that the scheme be properly managed to yield its fullest potential results;
 3. Suggests that, without adding unreasonably to the burden of costs, some adjustment be made for the situation of married students and for assistance to their wives to find local employment during the period of their husbands' studies;
 4. Requests that fresh conversations be held with the Japanese Government and with the Keidanren to make clear the great importance which the Community attaches to this matter and to ensure the best possible in-house training of the management students with Japanese firms;

5. Believes that further discussions should be held with sponsoring companies within the Community to encourage them to make the best use of their executives who have qualified under the scheme;
6. Requests the Commission and the Governments of those Member States who run similar or comparable training programmes in Japan to consult with each other from time to time so as to ensure that the best use is made of available resources and that the programmes do not overlap or compete;
7. Requests its President to forward this motion for a resolution to the President of the Commission, to the President of the Council and to the Member Governments.

