

# Japan and the European Union: The Strengthening of a Relationship

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## Abstract

Love is a form of madness and constancy is rarely its main feature. Love contains many emotions, including passion, commitment, and attachment. Although Japan has never been married to Europe, it has historically experienced periods of strong attachment and conflicting political and economic alliances. By re-examining this relationship after the period of the bubble economy in Japan, it is possible to make a new assessment of perceptions, expectations, and changed economic opportunities that have become possible with the new EU.

This article is the result of studies undertaken for a postgraduate course that was taught for the first time in the Graduate School of the Nagoya University of Commerce and Business in 2004, and will again be offered in 2005. The degree program is entitled *Master of Business Communication*, and the subject was called *Japan and the Expansion of the European Union (EU)*. The program was constructed around two perspectives.

The first perspective was that the occasion of the addition of 10 countries to the EU in May 2004 is as good an opportunity as any to re-examine the economic and other ties between Japan and the EU. The second perspective came as the result of some students from EDHEC (France) joining with several Japanese and three Chinese students to form a unique platform for mutual interrogation of the relationship of Japan with Europe.

## Preface

To write an article about the relationship between European countries and Japan is fraught with difficulties. One reason is because it is not easy to bundle the diversity that is Europe into the EU and regard that as a single entity with one voice. The EU itself is not all of Europe, nor does it have clear positions on many aspects of its own governance, including especially its own leadership, economic management and foreign policy. At best the EU is a unity in infancy, but one that is increasing in size, economic potency and new opportunities.

Similarly, Japan's position towards Europe is not one, but many. Diversified by specific relationships with specific countries in Europe for specific purposes, it is not easy to detect one overriding or governing attitude or direction by which it is possible to characterize Japan's relationship to the EU.

Another difficulty is to decide on which perspective to write from, that of a Japanophile, a Europhile, or some other identity. The author is a European who has lived early years in Europe, middle years in Australia and later years in Japan. As an international educator, he does not single out one prejudice for or against any one country, but tries to occupy himself with an overview of the

many strengths and weaknesses that constitute the complex relationship between Europe and Japan.

These observations compel the writer to select by what disciplines the relationship between Europe and Japan can best be analyzed. So the approach taken here is to look at several theoretical ways by which the current stage of the relationship can be defined. These are basically summarized as being geo-political and military, historical and economic, ideological and post-modern, and last but not least cultural and personal.

The method by which the currency of this love affair is defined will be by forming a conclusion in four parts, geo-politically, historically, ideologically, and culturally. Then it will be seen if an overarching conclusion can be made which can serve as a prediction of future directions. Will the intensities of the affections between Europe and Japan grow or abate?

## **Introduction: American Dreams, Japanese Dreams, EU Dreams**

*You can design and create, and build the most wonderful place in the world. But it takes people to make the dream a reality.*

(Walt Disney)

In *How Europe's Vision Of The Future Is Quietly Eclipsing The American Dream*, Rivkin (2004) suggests that the American dream is undersubscribed, disbelieved and failing. He proposes that is so because it is based on false imperialist idols, of military might, hegemony for the sake of greed for the few remaining fossil fuels, materialist serial consumerism and happiness based on capital, property and profit.

*See first with your mind, then with your eyes, and finally with your body.*

(Yagyū Munenori)

Meanwhile Japan is grappling new realities: a changing constitution that sees Japanese Self Defense Forces (JSDF) dispatched to East Timor, Afghanistan and Iraq, realigning the location, size and strength of United States Forces in Japan, a rapidly developing re-alignment with North Korea and even questions concerning succession to the imperial throne<sup>1)</sup> are issues quite apart from seeking new realizations of mutual economic opportunities in an era of accelerating globalization.

By contrast, the European Union, quoting ex-President Prodi (2004), was a peaceful assembly of nations that held the quality of community value, the quality of life and sustainable development within Europe at a greater value than material benefits. Quality of time over greed, human relations and culture rather matter more than naked pursuit of material wealth, military advantage, or economic superiority.

*There are some people who live in a dream world, and there are some who face reality; and then there are those who turn one into the other.*

(Desiderius Erasmus)

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1 ) Although in the early history of Japan there are precedents for female members to ascend the throne, to do so again in the face of an absent male heir requires a revision of Article 2 of the 1947 constitution.

The theme of the rise of the European dream is justified in this paper on the basis of European values that emphasize peace, advocate sustainable development over profit, respect and tolerate diversity and difference, and are more philanthropic and generous in foreign aid than, for example, the United States (notwithstanding rising racism, neo-Nazism, anti-Semitism, anti-Islamic sentiments and high unemployment figures for several EU countries).

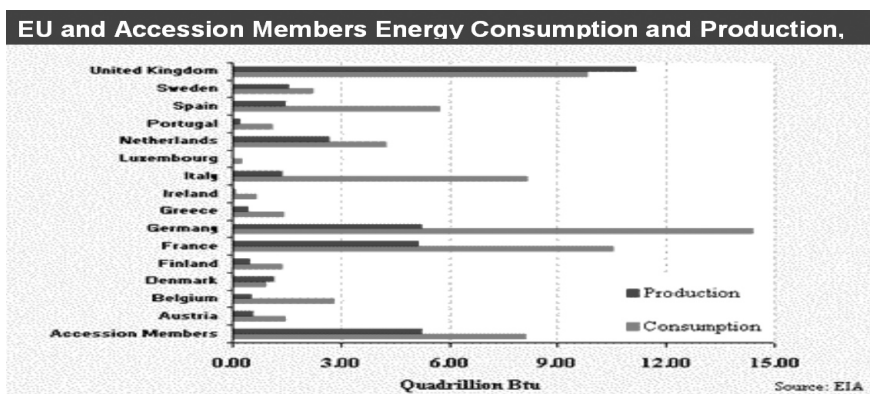
The United States is pursuing its imperialist foreign policy with more than 730 military installations in 50 countries, and because of its large debts to achieve this, experienced a falling value of the dollar in 2004. Meanwhile the Euro is stronger than anyone would have expected four years ago.

By contrast with the USA, the EU is hesitant to form military cadres, platoons, brigades or armies to enforce a foreign policy that the EU cannot reach consensus on among its member states, and which in any case the EU is ideologically reluctant to adopt because of the very notions of espoused harmony and peace after World War II, Kosovo and conflicts in Ireland, Spain (ETA) and elsewhere.

### A Short Profile Of Some Current Issues Characterizing a Changing EU

Today the population of the new EU is estimated at 380 million people and therefore constitutes a significant economic market. The formation of the European Coal and Steel Community in 1952 saw the creation of a unified market for the regulation of labor and prices. The creation of a common destiny and a long-term vision has dramatically impacted on the EU of this century. Concerning energy production and consumption, the following table shows a high and increasing external energy dependence.

Graph 1: EU Energy Consumption and Production, 2004



The focus on energy for the EU is clearly one that examines the environment (adherence to the Kyoto Treaty, 1997 and its 2005 implementation<sup>2)</sup>) and nuclear energy. The EU *Green Paper*, in

2) Under the December 1997 Kyoto Protocol, the European Union is obligated to reduce its greenhouse gas emissions by 8% from 1990 level by 2008–2012. All EU member states ratified the Kyoto Protocol in 1998. The EU agreed on

November 2000 outlined four objectives of the EU's unified energy strategy: security of supply, completion of a single market, environmental responsibility and the question of renewable energy and energy efficiency.

Because the EU is highly dependent on external sources for oil and natural gas, the maintenance of strategic stocks and the need to closely cooperate with supplying countries are seen as essential. A further feature of the current energy industry is the deregulation of it, or the opening up of supply, as shown in the following table. By 2007 all markets are intended to be open.

**Table 1: Opening Natural Gas and Electricity Utilities to Privatization**

Natural Gas and Electricity Market Opening				
	Electricity		Natural Gas	
	Market opening	100% in/by	Market Opening	100% in/by
Austria	100%	2001	100%	2003
Belgium	52%	2003/7	59%	2003/6
Denmark	100%	2003	35%	2004
Finland	100%	1997	*	
France	37%	2007	20%	2007
Germany	100%	1999	100%	2000
Greece	34%	2007	*	
Ireland	56%	2005	82%	2005
Italy	70%	2007	100%	2003
Luxembourg	57%	2007	72%	2007
Netherlands	63%	2003	60%	2003
Portugal	45%	2004	*	
Spain	100%	2003	100%	2003
Sweden	100%	1998	47%	2006
United Kingdom	100%	1998	100%	1998
<b>Accession Countries</b>				
Cyprus	-		-	
Czech Republic	30%		0%	
Estonia	10%		80%	
Hungary	30-35%		0%	
Latvia	11%		0%	
Lithuania	26%		80%	
Malta	-		-	
Poland	51%		34%	
Slovakia	41%		33%	
Slovenia	64%		50%	
* Derogation				
Source: European Commission, "Second benchmarking report on the implementation of the internal electricity and gas markets", (4/7/2003).				

An EU Carbon Emission Trading Scheme is scheduled to operate from 2005. All installations emitting CO<sub>2</sub> must hold government approval. Developments in wind, hydro and solar energy are coupled with an energy saving program for new building and transportation standards. The nuclear energy policy of the EU has yet to be standardized, as countries like Germany have vowed to cease such energy production by 2020, while other countries like France have yet to resolve the difficult

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different emission limitation or reduction targets according to economic circumstances. In 2003, the European Environment Agency (EEA) reported that Greenhouse Gas emissions were 2.3% below 1990 levels. The EEA pointed out that member states would only reduce emissions 4.7%, using existing abatement policies. But this observation did not include the recent adoption of the carbon trading scheme.

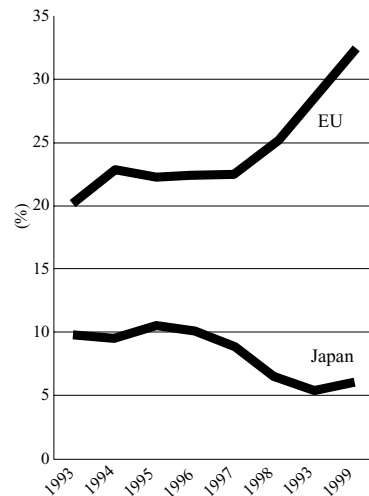
question of nuclear waste management.

Comparing these developments of deregulation, privatization and opening of markets across the EU, Japan by contrast is reforming its sources of energy supply more slowly domestically and differently, for example investing in oil and gas pipelines in Russia.

Before leaving the topic of the environment, a curious development is shown concerning the use of diesel cars in Europe and Japan. While there is a decrease in the use of diesel cars in Japan, the EU has advocated the increased use of diesel cars, as shown in the following table.

The example of divergent policies concerning the use of diesel vehicles is of interest because it shows different perceptions of the efficiency of diesel vehicles compared with their pollution potential.

**Graph 2: Increase/Decrease Diesel Cars and Trucks in EU & Japan**



## EU Health, Food Safety and Human Movement Issues

Concerning public health, a European Centre For Disease Prevention And Control will be started in Sweden in 2005. While the EU is currently equipped to monitor the spread of a virus, it is not able to prevent (in a coordinated fashion) the spread of communicable diseases such as SARS or bio-terrorist attacks. High levels of air pollution, tobacco control, drug trafficking and drug related crimes are other issues the EU Health Policy is tackling. The distribution of blood products and the standardization of medicines are additional issues.

The question of free movement and ready access to medical services and social security rights are additional areas in need of consistent policy, and this is slowly emerging. The provision of high-speed data links in an information society such as the EU is seen as critical to success in this field. The new Public Health Program (2003–2010) addresses these topics, but does so from a limited budget, having received submissions for 400 programs, being able to fund less than 12.

Health education, the ability to rapidly respond to health threats, and examining health determinants such as socio-economic lifestyle, environment and genetic predispositions form further planks of the new EU, with a gap between older and newer EU member states being recognized.

Concerning Food Safety, the European Food Authority (EFA) was established in 2002 with four responsibilities: chemical analysis of foods, control of imports, exports and additives, and Genetically Modified Organisms (GMO). As an example of the latter, the EU imported 86% of US corn, while Japan imported only 2% (2003). In 1988, the EU did not import US meat raised with growth hormones.

It could be argued that The Japanese Ministries of Health, and Agriculture have regulated the domestic market quality control more consistently than has been possible across the EU, although here too the ban on the importation of US meat is an issue (because of BSE or mad cow disease).

Japan sees no hypocrisy in banning American beef imports while itself manifesting several cases of BSE among domestic animals but not banning such consumption.

## **Geo-political Considerations Today**

Being a cluster of islands between the Sea of Japan and the Pacific Ocean, Japan historically has been a rather isolated place. This geographic isolation has been an advantage to its development as a predominantly mono-cultural country that has established itself as the economic powerhouse that it is today, second by several criteria to that of the USA. But this isolation has also militated against its globalization, that is, its increased participation in world affairs beyond the economic bonds that tie Japan to the rest of the planet. Some say that Japan is both the most globalized by measure of exports and number of Japanese overseas travellers, and the least globalized in every other way, culturally, linguistically, internationally, pluralistically.

Japan is also a country with few friends. That is a commonly heard and stated perception in Japanese press and TV. This view is partly the result of history, which includes failed imperialist ambitions in China, Vietnam and North Korea, as well as a consequence of Japan's fascist participation in World War II, and a love/disquiet relationship with the USA. In the new millennium, Japan is afraid to weaken the Japan US security agreement<sup>3)</sup> of 1960, reviewed in 1970 and undergoing yet more revisions with the US in 2005.

## **Historical Alliances and Economic Opportunities**

In the last 100 years Japan has aligned itself in numerous ways, invading China and Korea, with Australia in World War I, against Australia in World War II and briefly occupying Vietnam, with Germany and Italy in WWII and against America and Russia in WWII, neutral in the Korean and Vietnam war, and more recently supporting the United States in Afghanistan and Iraq, and the United Nations in East Timor. As a result of failed imperialist ambitions in various parts of Asia, Japan has been excluded from many security arrangements in the area, having really only the United States in its postwar security arsenal. Even Japan's desire to become a member of the United Nations Security Council is as yet undecided.

Against such a rather tumultuous backdrop, what does the more recent trading history between Japan and Europe show? The following information comes mainly from The Treasury of Japan and Japan External Trade Organization (JETRO). The comments were the result of presentations and discussions in the MBC course.

What is newly emerging in the Japan/EU trade relationship is that it has significantly strengthened only in the last 25 years, that Japan is now exploring new opportunities especially in Eastern Europe, and as a result of relaxed investment rules, the EU has begun to invest heavily in

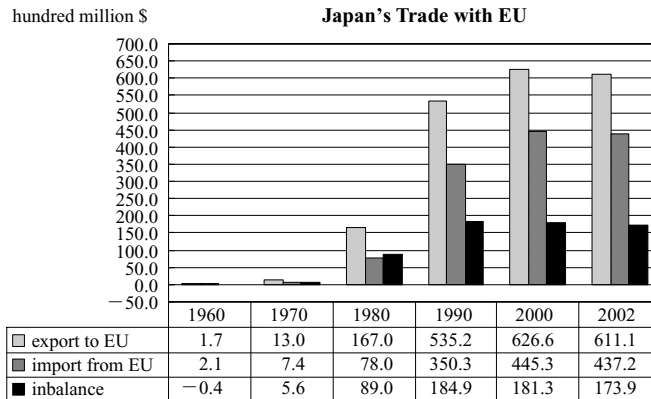
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3 ) SOFA or Status of Forces Agreement, signed between the governments of Japan and the United States.

Japan in and after 2000 as shown in Graph 4.

**Graph 3: Trade between Japan and Europe 1960–2002**

In this table, the tallest four bars represent exports from Japan to Europe, while the second grey bars represent the value of EU imports, and the black bars show the magnitude of the trade imbalance.



Source: JETRO

What is remarkable here is that up and till the 1980s, trade was in fact negligible, and piqued around 2000. The imbalance has been described as trade friction. Thus trade with Europe for the period under discussion has been to Japan's advantage.

The next table will show how Japan compares to other economic trading blocs that do business with the European Union.

**Table 2: EU Trade by Main Economic Competitive Regions**

	Export			Import		
	1995	2000	2001	1995	2000	2001
US	17.8	24.6	24.4	19.0	12.0	18.9
Japan	5.8	4.8	4.7	10.0	8.3	7.4
China	—	2.7	3.1	—	6.8	7.4
Middle/Eastern Europe	—	12.2	12.9	—	11.5	13.0

Data Unit: %

Source: EUROSAT

This shows that the United States is and will remain by far the main trading partner to Europe for this period and some time to come.

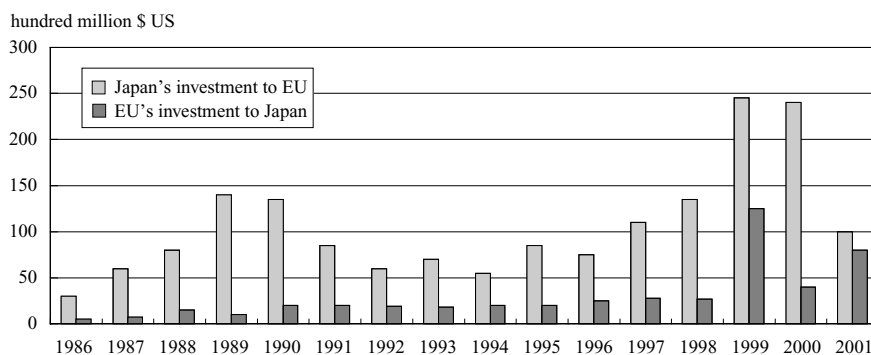
### **Foreign Direct Investment (FDI) by Japan into the EU and by the EU into Japan**

The period 1986 to 1990 is characterized by a very fast growth in Japanese investments in Europe at a time when Japan was strongly resisting European investments in Japan using trade restrictive practices.

Further, the Japanese investment from 1990 to the late 1990s abated due to the bubble economy bursting in Japan: it was a recession. However, dramatic changes occurred in 1999 and 2000, when



**Graph 4: Japan and EU Direct Investment**



Source: Department of Treasury, Japan

the introduction of the euro was taken advantage of by many Japanese firms, while the figures for 2001 show a substantial narrowing of the difference in investments, due for example (though not exclusively) to the fact that Renault has decided to invest in Nissan.

What this does not show is that Europe currently is the primary destination of Japanese FDI. At the same time, Japan is still behind other OECD countries in terms of encouraging FDI into Japan. EU commissioners have been visiting Japan with increasing frequency and pressure to encourage Japan to deregulate and invite foreign capital. This is part of the economic reform package that Japan's Prime Minister Koizumi repeatedly said he is encouraging, but really has not been as active as many expected.

**Table 3: Examples of Recent European Investments into Japan**

Europe investing in	Japan	Type of company
Renault France	Nissan	car
Daimler Chrysler	Mitsubishi	Cars and trucks
Roche Switzerland	Chugai	Pharmaceutical
Danone France	Yakult	Food
Tepco	C2 Network	Supermarket
Unilever	Lion	Household Goods

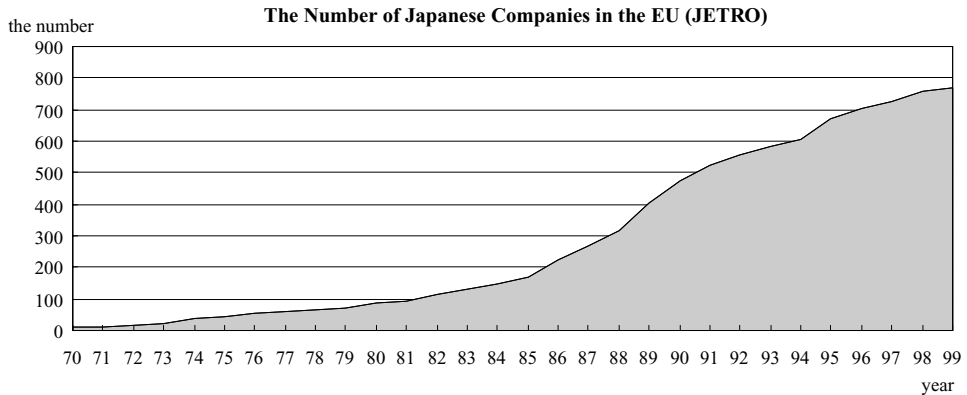
**Table 4: Examples of Current and Proposed Japanese Investments in the EU**

Company	EU country	Product
Toyota MC	Czech Republic	Mini cars
Toyota MC	Poland	Diesel Engines
Okamura Corporation	Netherlands	Office Furniture
Daikin	Czech Republic	Air conditioners
Kagome	Italy	Frozen vegetables
Sony	Slovakia (from Spain)	14inch TV picture tubes
Sony	Hungary	DVD players
Denso	Middle/Eastern Europe	Automobile parts
Aishinseiki	Middle/Eastern Europe	Automobile parts
Sumitomo Denko	Middle/Eastern Europe	Automobile parts
Matsushita	Czech	Car stereos



**Graph 5: Number of Japanese Companies in the EU 1970–1999**

This demonstrates a hesitation and slowness by Japanese firms to enter the European market until about the mid 1980s, when opportunities were capitalized upon. The Japanese Treasury calculated in 2002 that Japanese profitability (profit rate) in the EU averaged only 1.6%, while the same rate in Asia was averaged at 5.6%, in the US at 3.7% and domestically at 3.2%.

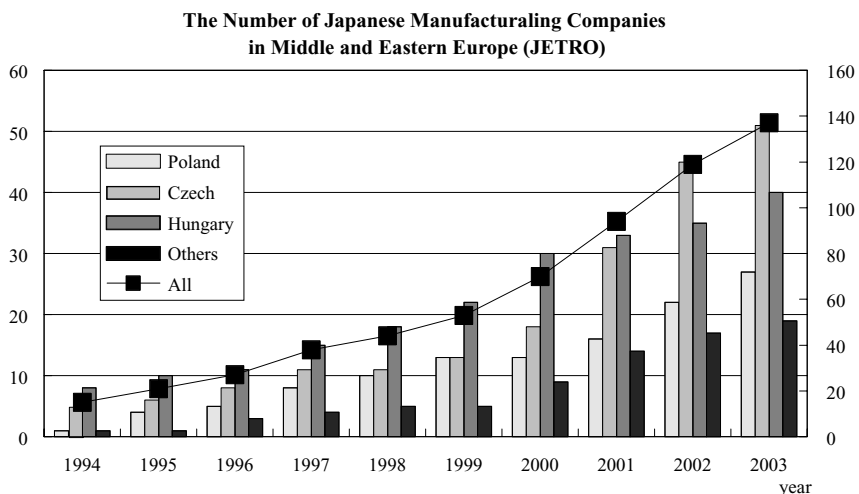


**Graph 6: Japanese Company Numbers Investing in Middle and Eastern Europe 1994–2003**

The dramatic rise illustrates that Japanese companies see enormous opportunities in this area, and the expansion of the European Union by 10 members countries in May 2004, including the ones mentioned in this graph, is likely to only increase investments.

The corporate tax rate differs widely in the EU, from 10 to 20% in Malta Ireland, Hungary, Slovakia, Poland and the Czech Republic, while in England it is 30%, and in France and Germany 40%.

The introduction of the euro in the new millennium and the expansion of the European Union in May 2004 to 25 member states have clearly been events that Japan has seen as economic opportunities for further investment and trade. Notwithstanding the small profit rate (compared to



other parts of the world) Japan is using its strong financial resources to invest in Europe in new ways, including manufacturing.

Responding to relative high corporate tax in especially western countries of Europe, Japan is therefore also refocusing its economic activities in the Czech Republic, Hungary, and Poland and away from England, Germany and France, although using all of the new size of the European Market for its product distribution.

Other factors that have been experienced in this period are trade liberalization, lowering of tariffs, and increasing ability by Europe to invest in Japan. This has narrowed the trade imbalance, increased competition and benefited economic growth and balance between Japan and Europe. It is therefore with confidence that this economic analysis can predict a deepening of the economic relationship between Japan and the EU by mutual market penetration, by investment and by export and import volume between the two geographic areas. However, the United States will continue to dominate exports and imports to and from Europe, and emerging economic giants like China will further sharpen competition in global trade in years to come. But the past success of Japanese firms in Europe, together with their strong financial asset base, ensures a strengthening of economic ties. These will globalize, that is free up and increase the flow of goods and money between the two areas.

## **United Nations**

One of the lingering inequalities is the fact that the United Nations Security Council (UNSC) continues to exclude some of the world's biggest populations or economies, such as Germany, India, Japan, Brazil (the so-called G4), Indonesia or Africa from being permanent members. 2005 sees these countries making strenuous efforts, if for different reasons, to join this group. It is an often-stated irony that countries like Germany and Japan may have lost World War II, but have since risen to be powerful economic countries that have 'won' in terms of GDP and standard of living for its respective populations.

The conclusion of this imbalance is that the UNSC continues to be constituted by those allies that won the Second World War. They in turn are reluctant, even 60 years after the conclusion of that history, to surrender what they consider to be their geo-political strategic advantage in the UN. But almost 60 years of post war history have brought about huge shifts in regional and global political and economic alliances. The sooner the UNSC can deal with these new realities, the sooner the UN will grow in stature and influence. The later it leaves these reforms, it will do so to its own detriment.

If Europe wants to strengthen its ties with Japan, England and France should use their influence to support Japan's bid to join the UNSC. Not to do so leaves Japan again more isolated than it actually wants to be, or that is in the interests of global stability.

## **Economically**

In fact, Japan is seen by many measures as one of the most industrialized (OECD, APEC,

ASEAN), modern, safe, healthy populations enjoying an economic stature<sup>4)</sup> that is phenomenal by any standards, investments which are far and wide beyond its shores, and a record of automobile and high tech manufacture and exports that in some ways surpass the world's most powerful economy, that of the United States. The Japanese have successfully copied and improved many Western products, from German beer to cars, to any technology you might care to name. The most recent of these is in computers and digital and mobile phone market penetration.

So enormous is the wealth of Japan, that gigantic banking fiascoes are able to continue, bankruptcies are regularly bailed out by government funds and corruption on a massive scale is capable of having a life of its own. Fiscal and economic reform, recently variously contested in the postal and telephone deregulation and privatization initiatives, are such that the rate of economic growth, while continuing, has certainly slowed down significantly since the bubble economy of the late eighties and early nineties. Despite Prime Minister Koizumi's promises of structural reform, real change is slow in coming, something unsurprisingly consistent with a conservative political party in government.

## **The United States, Japan and Europe**

Since 2000, the United States has broken from its traditional multilateral approaches towards international conflict resolutions such as were practiced by President George Bush during the 1991 Kuwait war or by President Bill Clinton during his presidency. Under President George W Bush and since 9/11, the United States has pursued a dominantly unilateral approach to its foreign policy, not really caring for the support of the United Nations or that of many of its former allies (Canada, France, Germany) as it pursues its hegemonistic foreign policy goals.

These goals have become increasingly suspect, as justifications vary from the religious (god is on our side), economic (oil), political (regime change), security conscious (weapons of mass destruction), human rights records (in Iraq, China, Myanmar variously interpreted), democratic (Afghanistan and Iraq) and ideological (Israel and Palestine). All these reasons are bundled together under the desire of the United States to be a beacon of righteousness and moral superiority over what are perceived to be America's enemy, terrorists (wherever and whoever they are). This polarization of global politics has obviously affected the relationships of the United States with Europe and Japan, and between Europe and Japan. How?

One impact is that old Europe<sup>5)</sup> is seen as an increasingly independent force that is able to be a voice that stands separate from United States imperialist ambitions. The exception of course is the United Kingdom, which under Prime Minister Tony Blair has pursued a role supportive of the United States. So in an important sense mainland Europe is seen as a left leaning force in a world that is

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4 ) As measured by volume of exports, FDI (Foreign Direct Investment), and GDP (Gross Domestic Production). While the economic growth rate compared to such countries such as China, Australia or the US is much slower, the economic might that is Japan is still second to that of the US in significant respects.

5 ) A remark made by Secretary of Defense Mr Rumsfeld in 2003

increasingly moving to the right. Germany is somewhere in the middle, assisting US efforts in Afghanistan, while also opposing US efforts in Iraq. Italy and Poland to varying extents are trying to support the US in Iraq, while France stands resolutely outside such efforts. The conclusion here is that while old Europe has a view at variance with that of the US, individual European countries have their own foreign policy. This allows the observation that the EU does not have one voice, position or view when it comes to external relations or even on any particular issue such as American efforts.

Meanwhile, the SOFA agreement between Japan and the United States is being reviewed with a view to reducing United States occupying forces in Japan from 42,000 to 32,000 by 2007 and modifying/shifting some of its bases, especially in Okinawa. The observation here is that Japan, anxious like England to keep America's good will, is supporting US foreign policy in Iraq. To do so, Japan had to pass a Bill of the Diet in 2001 to enable JSDF (Japanese Self Defense Forces) to be sent support efforts in Afghanistan, Iraq and East Timor, a departure from its 1947 constitution that prevents extraterritorial military commitments.

And what did Japan get for its troubles? A likely reduction of US forces in Japan, something which many Japanese see with concern as the threat of an increasingly out of control North Korea is looming over the security over this part of the world.

## **Ideological Perceptions**

Euro-centric scholars have argued that Japan was one of the last countries to be colonized after Captain Perry landed in 1852, and such a view is enhanced by the belief that Europe is old, Japan is new, and that Europe by virtue of its historical dominance should lean towards a natural control and exploitation of the Far East.

Japanologists in turn point to Japan's age as an identifiable nation, which is variously defined somewhere between 2000 and 4000 years, and such scholars could also state that by virtue of economic output and trade, Japan can be defined today as ahead of any one European country, though not necessarily ahead of the combined economic weight of the EU. So who is colonizing who? Europe Japan or Japan Europe?

As Edward Said established so eloquently in his 1978 work, Europe defined itself, and Japan as the other, and vice versa. But let us look at little closer. Japan in the postwar period adopted a new constitution, informed by the American Declaration of Independence and in turn informed by the French constitutional authors such as Talleyrand. So is one the self and the other Other?

## **Cultural, Tourist and Erotic Perceptions**

This is an area where Japan has had strong affection for particular countries: German beer, faithfully reproduced under Japanese labels are added to by copies, on a smaller scale, of sausages. Likewise, the influence of German Medical procedures is well known among students of medicine in Japan. To drive a European luxury car in Japan such as an English Jaguar or Land Rover, a German made BMW or Mercedes, or a French made Peugeot or Citroen is seen as a status symbol par

excellence. This at a time when Lexus and Nissan are producing cars of equal sumptuousness with which to penetrate the European and North American markets.

French handbags (Louis Vuitton) and French fashion, European wines and couturiers of European origin are sold in greater quantities in Japan than in Europe. Added to this fascination are Alfa Romeo, Gucci, Longines, Swatch and Omega: the march of conspicuous consumption for what are seen as desirable status symbols is relentless among Japanese consumers who value European designs.

Preferred tourist destinations among Japanese continue to be European. While France has the highest number of tourists of any country, England, Germany, Italy and Switzerland are never far behind. As just one example, the railway operators of the private rail from Grindelwald in the Bernese upper land to the Kleine Scheidegg in Switzerland reported that the number of Japanese tourists of the total passenger toll of 520,000 for 2003 was 270,000<sup>6)</sup>, a staggering tourist dollar by any country's measure.

For many Japanese tourists, European sites like the Eiffel Tower or the Louvre Museum, the British Museum in London, the Vatican or Luzern, the opera in Milan or San Marco in Venice, Schloss Neuschwanstein in Bavaria, are seen as visual necessities that simply must be digitally photographed or video recorded in the family album of any self respecting Japanese family as a way of demonstrating internationalization. This is a kind of visual consumption, not an interaction with, just a 'having seen', the fulfillment of which is a lifelong dream, a *non plus ultra*, a form of virtual ephemeral nirvana.

And what do Europeans make of Japan? The grace and sublime forms of art that are represented in ikebana, bonsai, that are caught in the *wabi-sabi*, the *giri ninjo*, the Japanese form of Buddhism, the *Kaisekiriori* (Japanese tea ceremony dishes) and Japanese (*katachi*, shape or form) beauty are but some of the many attractions that Japan has to offer.

In the same light, Japanese women are seen as mysterious, desirable, exquisite, elegant, exotic. That desire is largely defined by their difference, their differences in character, manner and physical appearance from their European counterparts. These differences are differences of skin color, body shape, facial appearance, deportment, manner and grace. Japanese culture defines female roles differently from their European counterparts, and these differences by themselves are seen by many Europeans as profoundly attractive and desirable. What is left out of this comparison is the question of social and economic equality of Japanese women, something in which they are behind by UN standards<sup>7)</sup>. Japanese men, too, are seen as quiet, in control of themselves, as self-disciplined, calculating, shrewd in business, successful in trade and inscrutable as to their private inner thoughts and values.

The power of Japanese quality, relatively recent since the 1970s, has made Japanese products desirable in the same way as reliable, durable, value for money. Before the Gross domestic Product flattened out in the 1990s, Japanese management and business methods were heralded and were to

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6) Daily Yomiuri, Friday, October 15, 2004, page 20

7) United Nations Report into the *Status of Women*, 2000

be emulated, studied, copied, transplanted and implemented in other societies. It was only when the Asian financial crisis hit in 1996, that people in other places began to scrutinize more closely and question the juggernaut that was Japan's economic might.

## **Conclusion**

The last 25 years have redefined the relationship of Japan to Europe in that exports to the latter from the former dramatically increased. Since 2000, European investment opportunities in Japan have increased sharply. The creation of the Euro also has profoundly shifted monetary interest away from the American dollar and towards a European currency as a desirable, portable, strong, stable currency for investment purposes. The addition of 10 countries to the European Union in May 2004 has visibly shifted Japanese investment to these cheaper labor areas for the purpose of investment in manufacture and assembly of Japanese technological products destined for the EU-wide market.

The result is a significantly heightened level of economic activity between Japan and Europe, especially in the last five years. This is expected to continue for at least the next ten years, as the investment by Japan in a wider Europe will begin to bring results, and as European capital in Japan will begin to have an impact.

The unilateral pursuit of American foreign policy interests in Afghanistan, the Middle East and elsewhere also have affected security interests in the EU as well as concerning Japan. This means that both the EU and Japan will be repositioning themselves firstly, with the USA, and secondly, probably more closely with each other. It can be said that both Japan and the EU have shown themselves to be more peace-loving in the last 45 years than has the USA. It therefore follows that the EU and Japan have more geopolitical interests in stability than the USA.

Returning to the original question: what of the affections between Europe and Japan? The short answer is that they have intensified in volume and kind. As with any relationship, it can only grow if both see benefits for themselves and the other, and that, in altered circumstances to those that described the early relationship with Europe as a History of Misunderstanding, means that the love for each has matured like a good wine. Prospects for strong economic alliances and political security between the EU and Japan seem assured for the foreseeable future.

### Acknowledgments

This article as stated earlier has come about as the result of a semester course in the Master program at Nagoya Graduate School in 2004. One of the assessment tasks was for students to select a topic and generate a presentation. While I naturally take responsibility as author of this article, I also want to acknowledge the contributions as they were made and as they in part informed this article.

Presenter	Topic
Sylvain Darcos	European Energy needs,
Takako Inuai	Levels of investment by Japan in Europe and by Europe in Japan
Karin Okumura	EU food safety and quality control,
Masatoshi Fukumoto	The history of the relationship between the EU and Japan,
Chihiro Kasamatsu	Environmental concerns of the EU
Tomomi Saka	EU's policy on being an Information Society
Dr Li Ming	Public Health Management of the EU especially with regard to policy
Clement Provost	fraud and crime in the EU
Julie Rassat	EU's attitude and policy on culture
Laure Cohen-Solal	human rights in the EU
Mahmoud Ktari	Foreign policy of the EU and
Ryu Tei (Monica/Ting)	The monetary union and the recent history of the Euro currency.

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