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R E P O R T

of the Committee on Foreign Affairs and Security

on political relations between the European Community and Japan

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A Series. Reports - B series Motions for Resolutions, Oral Questions.

- C Series Documents received from other Institutions (e.g. Consultations)

* = Consultation procedure requiring a single reading

**II = Cooperation procedure (second reading) which requires the votes of the majority of the Members of Parliament

**I = Cooperation procedure (first reading)

*** = Parliamentary assent which requires the votes of the majority of the current Members of Parliament

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At the sitting of 12 February 1990 the President of the European Parliament announced that he had referred the motion for a resolution by Mr Perez Royo on political relations between the European Community and Japan pursuant to Rule 63 of the Rules of Procedure to the Political Affairs Committee as the committee responsible and to the Committee on External Economic Relations for its opinion.

At its meeting of 21 March 1990 the Political Affairs Committee decided to draw up a report.

At its meeting of 26 April 1990 it appointed Mr Baget Bozzo rapporteur.

At its meetings of 14 October 1991, 17 March 1992 and 14 April 1992 the committee considered the draft report.

At the last meeting the Committee on Foreign Affairs and Security adopted the resolution by 18 votes to none with 2 abstentions.

The following took part in the vote: Cassanmagnago Cerretti, first vice-chairman and acting chairman; Baget Bozzo, rapporteur; Balfe, Bertens, Cheysson, Dillen, Fernandez Albor, Ford (for Coates), Holzfuss, Lagakos (for Pöttering), Langer, Newens, Onesta, Pasmazolgou, van Putten (for Woltjer), Sakellariou, Suarez Gonzalez (for Llorca Vilaplana), Rossetti (for Trivelli), Titley and Veil.

The Committee on External Economic Relations decided on 17 July 1990 not to deliver an opinion.

The report was tabled on 21 April 1992,

The deadline for tabling amendments will appear on the draft agenda for the part-session at which the report is to be considered.

A

MOTION FOR A RESOLUTION

on political relations between the European Community and Japan

The European Parliament,

- having regard to its resolution of 11 September 1986 on trade and economic relations between the European Community and Japan¹,
 - having regard to its resolution of 14 October 1988 on the need for early information on technological and industrial developments in East and South-East Asia of relevance to the European Community²,
 - having regard to the motion for a resolution by Mr Perez Royo on Europe-Japan relations (B3-0749/89),
 - having regard to its resolution of 13 June 1991 on the European car industry (A3-0140/91)³,
 - having regard to the report of the Committee on Foreign Affairs and Security (A3-0160/92),
- A. recalling the joint EC-Japan declaration of July 1991 which sets out the principles, objectives and procedures of future relations between the Community and Japan,
- B. having regard to the outcome of the hearing of the Committee on External Economic Relations on trade relations between the European Community and Japan, held in Brussels on 16 and 17 September 1991,
- C. aware of the lack of dialogue and cooperation between the European Community and Japan regarding foreign policy and security,
- D. having regard to the persistent prejudices and the lack of mutual understanding between the people of Japan and the people of Europe, their cultural heritage, their political, economic and social structures and their way of life,
- E. aware of the dedication of both the European Community and Japan to liberty, democracy, the constitutional state and human rights,

¹ OJ No. C 255, 13.10.1986

² OJ No. C 290, 19.11.1988

³ OJ No. C 183, 15.7.1991

- F. aware of the importance of developing political cooperation between the EC and Japan in order to make a joint contribution to the maintenance of peace and to establish a just and stable international order, in accordance with the principles and objectives of the United Nations Charter,
- G. stressing that the European Community and Japan, having an economic power of vital importance at world level, are especially responsible for the development of a healthy and prosperous world economy in order to avoid, in particular, a radical difference in living conditions between North and South,
1. Welcomes the agreement reached on 18 July 1991 between the President of the European Council and the Japanese Prime Minister concerning the joint EC-Japan declaration, which establishes the basis for the strengthening of cooperation and political coordination between the European Community and Japan;
 2. Considers that the identification and recognition of common interests and responsibilities as well as cultural, economic and other differences between Japan and the European Community constitutes the optimum basis for dialogue and cooperation between the two parties;
 3. Considers that political cooperation between the European Community and Japan must be based on the stepping up of political consultation, on the basis of the mechanisms set up for that purpose in the joint EC Japan declaration and, in particular, annual consultations between the President of the European Council, the President of the Commission and the Japanese Prime Minister, an annual meeting between the Commission and the Japanese Government at ministerial level and six-monthly consultations at ministerial level between the representatives of the Troika and their Japanese counterparts with responsibility for foreign affairs, trade and industry, social affairs, employment, research and technology and culture;
 4. Hopes for a strengthening of the exchange of information, of coordination and of cooperation between the Member States of the European Community and Japan within the United Nations and other international organizations, in order to coordinate better their strategy for the problems of the Third World, especially in the field of development aid and debt, by improving the commitment to solving the problem of debt and developing the traditional policy of cooperation for development within a more systematic policy of economic exchange, economic and financial partnership and productive investment;
 5. Believes that consideration should be given to ways and means of achieving a fair balance in international trade in order to reduce frictions likely to give rise to hostility between trading partners and the possibility of trade wars which could undermine good international relations and thus add to the problems of maintaining peace;

6. Supports any initiative to give Japan greater responsibility in peace-keeping activities under the auspices of the United Nations;
7. Stresses the importance of a regular and continuing parliamentary dialogue between the European Parliament and the Japanese Parliament;
8. Attaches great importance to the stepping up of consultation and political coordination between the EC and Japan on questions of international security aimed at maintaining peace, implementing a strategy of minimum-level military equilibrium and, in particular, controlling arms exports and the non-proliferation of military technology;
9. Considers that Japan and the European Community should cooperate to the fullest possible extent in the economic, financial and monetary sphere and with regard to the environmental crisis, the population explosion, respect for human rights and the resolution of regional conflicts;
10. Notes with satisfaction the launching of a dialogue between Japan and the USSR aimed at settling legal and territorial questions left unresolved after the end of the Second World War and supports the launching of a parallel dialogue between Japan and Russia;
11. Recalls the need for a large-scale (bilateral and joint) commitment on the part of all the OECD countries to create the conditions which will allow the countries of Central and Eastern Europe and the former Soviet republics to resolve their economic, financial and political problems in an extremely difficult transitional period and make a greater contribution towards their complete integration into the world economy;
12. Stresses the vital importance of a commitment by the most developed countries of the world to solving the problems posed by protection of the environment and the conservation of resources and endangered species, and involvement of all countries in the fight against terrorism, drugs and all international crime such as, for example, money laundering;
13. Hopes for a strengthening of cooperation and the promotion of joint projects between the European Community and Japan in the field of science and technology for the benefit of the future prosperity of the whole of mankind and, in particular, to meet the great challenges of our time, such as the divide between the North and South of the globe;
14. Considers that the European Community and Japan, together with the United States, are the prime movers in the advent of a technology-based society at world level and that the common aspects of such a transformation are more important than the differences between the Japanese and European cultural models and the resulting economic and social structures;
15. Confirms that the development of technology and its impact on world society constitute the political framework which determines relations between the major political systems at the forefront of this process;

16. Considers that, in this context, particular attention must be paid to science and technology, which not only constitute a key factor in EC-Japanese relations, but embody important and representative aspects of the European and Japanese cultural models, forming ideal ground for developing awareness and assessing the consequences of such models on their relations, with a view to specific cooperation measures;
17. Proposes, to this end, the establishment of a permanent Euro-Japanese Forum with the aim of improving mutual understanding of the society, culture and economic and political structures of the two sides and encouraging the circulation of ideas and cultural and technological exchange between the European Community and Japan;
18. Attaches particular importance to the development of exchange programmes involving universities, social groups and young professionals aimed at increasing awareness and improving understanding between the European and Japanese peoples;
19. Instructs its President to forward this resolution to the Council, the Foreign Ministers meeting in European Political Cooperation, the Commission, the governments and parliaments of the Member States, the Japanese Government and Parliament and the Secretaries-General of the United Nations and of the OECD.

EXPLANATORY STATEMENT

Japan as a system

In the global context it is not easy to analyze the relations between two economically and technologically advanced systems such as the EEC and Japan, clearly distinguishing between the political and the economic.

It is however essential to understand that the political problem is essentially a cultural problem: the different cultures give different meanings and significance to everything which is universally produced and communicated in the world.

Technology itself is a cultural phenomenon: in the age of high technology, technology itself gives rise to ways of living, of thinking, the very essence of the culture which produced it.

The vast majority of Asiatic countries have borrowed organizational principles and methods of production from the West, while at the same time remaining outside the restricted club of economic powers and taking part only in a sectoral and marginal way. Japan has been the only one to absorb the entire western economy and return it, at the highest level, completely 'Japanicised'.

The EEC must take an active interest in the Japanese case because, given Japan's economic, technological and cultural dimensions, it is the only European entity capable of doing so.

Both the EEC and Japan combine the public with the private, regulations with freedom by combining Colbertian mercantilism in practice with a Smithian outlook of free international competition in theory.

As it is now, Japan is politically determined by its acceptance of the political and economic culture of the United States imposed after its defeat in the Second World War.

This total acceptance of the cultural, social and political system of the victor, maintained even after the post-war situation had changed considerably, is without parallel. The analogous attempt made by the Soviet Union in Eastern Europe was an act of pure violence: in fact it was never taken on board as a way of life by the subject peoples and collapsed once the almost 50 year long military occupation was over.

The Japanese phenomenon is unique because the complete acceptance of a political ideology by a people into their social fabric is itself without precedent.

The fall of the tenno from the status of god by decision of the authorities in power indicated a complex process of interiorization of the Japanese culture

in the sense of a complete acceptance of the new political order as forming the state and society.

In Germany and Italy democracy was a return to a situation which existed before fascism; in Japan the institutions of the victor had no roots in the tradition of the loser and drove the mark of the country's original tradition outside the political arena.

The regime before 1945 could in no way be assimilated to European fascism, having none of the ideological or institutional elements of that system. It was conceived merely as the expression of the Japanese traditional culture, adapted at the time of Western colonialism which threatened the Japanese identity and as Japan's response to the order imposed by the colonial powers in Asia.

The speed and the radical nature of Japan's transition from a merely Asiatic power to a Western power is still at the centre of the 'Japanese question'.

The key is the fact that the form of the constitutional order, formal law, is indifferent to the vision which the Japanese people have of their country. The assumption of common political institutions in Japan and the USA does not have the same meaning in the two countries. The political, economic and social institutions have exactly the same form but not the same value and weight.

Japan has remained a singular form of ancient society in which the dimension of the Japanese phenomenon, the at the same time sacred and secular community of the Japanese people, corresponds in the West to the dimension of the individual, i.e. the basic nucleus of subjective identity.

The individual, man, woman, child, adult, rich, poor is conscious of the role and the social situation to which he or she belongs.

To 'belong' in Japan has the same significance as 'to be' and 'to have' in Western languages.

In Japan the Emperor is ever distant, veiled by absence, like the Japanese gods, from the person in society. This is not a sacred role in the Western sense, because the Japanese religion does not recognize the material specialization of the sacred, it does not seek to make the temple eternal, like the Western religion which sees it as a divine dwelling.

The tenno remains in the Japanese imagination like God on earth, immanent in the natural and institutional order: there is no split between the harmony of nature and the law.

As Japan's point of reference since time immemorial, as representative of the Community, the tenno has been able to change Japan's external form from a military system to a democratic and pacifist system, which takes on all the outward appearances of the West.

Thus Western rules (rights, democracy, cultural pluralism, market, capitalism) function outside the meaning which they have in the Western world.

Individual rights, democracy and capitalism presuppose the value of the individual, conflict and risk, which are the main principles of Western man and which give meaning to the institutions which he has created.

In Japan rights give expression to roles, belonging takes precedence over having and therefore over consuming.

The concept of work is very different from that prevalent in Western culture, where besides the gratifying sense of human activity it has retained the sense of burden and effort, therefore the significance of a means and an instrument for something else: for consumption, entertainment or for the nobility of leisure. Japan has demonstrated a collective creativity without parallel, it has constructed a society in which the motivations of each man and each woman allow a quality of life, effort and the collective enterprise which has no parallel elsewhere.

The widespread sense of the quality of work, seen as the realization of human activity, should also lead Western countries to rediscover the traditions of the meaning of work included in their long era of high craftsmanship. There are Japanese modes of life, linked to the common appreciation of the quality of work, which may be comprised and assimilated even though different from our own and introduced into Europe.

Great cultures may co-exist if they are able to learn one from another.

The mode of life in European societies determines their mode of production and consumption: this leads to methods, hours and labour costs which are very different from those in Japan. Working hours are different, as are holidays and the role of women in work and in the family.

The dichotomy of working patterns in Europe is part of a pattern of life which has as a point of reference individual wellbeing, the time and space and choices of individuals.

The dark side of this mode of life is anomie, transgressivity as a value, social inequality, widespread indifference to others and to the community as a whole.

However the model leads to a high level of individual creativity, which is demonstrated in the quality of research, in the opening of problems, and in the capacity of the West to universalize its own modes of life and to express itself.

While the West tends to give universal importance to the human individual, Japan distinguishes the levels of collective identity, institutional structure and material relations.

Belonging to the community is expressed by tradition, which is without history, and which is the custodian of the essence and the life of the

individual and of everything. The eternal dimension is the custodian of existence in time.

The political structure on the other hand must guarantee a balance between the various actors in society, i.e. it must ensure that the status of the individual in society does not become unbalanced and break the harmony which the eternal rules are designed to establish.

Economic organization guarantees the level of material life of the country and its rules are those of competition and conflict. The stability of tradition, the equity which the pervasive administration of social life produces, the victory of material conflict are three different levels which regulate in various ways the internal and external relations of Japanese society.

The structural dimension of belonging, the pervasive dimension of administration and the fluctuating conflictuality of the economy give Japanese life a particular framework of its own in which all external elements are incorporated so as not to change the equilibrium between the various levels.

This is why Japan may appear to the Western observer as a simplified model: a political laboratory of concepts and categories to be applied in any other context. In fact the various levels, structural, pervasive, fluctuating on which the changeable Japanese society is articulated are still easily readable because distinct and integrated, whereas in Europe they are merged and confused in the process of history.

Japan as a hegemony

Semi-conductors were the driving force behind the development of the Japanese industrial system in the period after the War, the new symbol to be set against the car which, until then, had represented for America and the entire world the passage from the age of the craftsman to the age of mass production.

Semi-conductors pervaded and characterized the development of the entire Japanese industrial structure following trends of growth similar to those of the automobile industry: from the 1950s to the 1980s they not only won market shares proportional to those won by the automobile industry from the 1920s to the 1950s, but their widespread use in every sector made them indispensable in technological processes which have enabled Japanese microcomputers, video recorders and cameras to dominate the entire world market.

In the future too, computer technology, which will be by far the most important industrial sector, will be dominated by semiconductors and by innovations and transformations of semiconductors.

In comparison with the previous technological eras whose products influenced daily life in its more material aspects, it would seem that the fruits of modern technology have a more than rational, almost spiritual value.

The latest generation of intelligent chess-playing machines or music synthesisers are only the superficial signs of a much deeper process:

technology now pervades not only our material civilization, but also the culture of a people.

Japanese civilization of the Meiji period was modernized on the political models of the West: modern Japan is exporting to the rest of the world a culture which speaks the language of machines.

Since technology has reached the highest levels of sophistication it has begun to reflect and to convey the specific character of the countries which have generated it. The culture and the customs of different countries are demonstrated with increasing clarity in the products which those countries manufacture.

This is why the Japanese technological invasion is profoundly cultural: as well as its products, the vast majority of which are produced using common technology, widely used in the new generations, Japan is exporting customs and behavioural models.

However, the models which Japan is exporting to the West were originally borrowed from the West itself: as well as things, the Japanese are offering us a new sense of things.

One of the peculiarities of Japanese civilization furthest from our own consumer-oriented behaviour is the delicate harmony between things and spirit, between objects and culture.

Contemporary Japan still preserves that relationship with nature which Europe knew in the pre-industrial era when Western man was able to find himself among the indispensable objects around him. This dimension has been lost in the age of mass consumption, overwhelmed by a quantity of replaceable goods not made to last.

The Japanese still have a more spiritual way of relating to objects, the result of an unchanged cosmogony, veiled by an ancient sense of religion, which gives to the universe of things a harmonious order to which the products of modern technology also belong.

For the Buddhist religion God may exist in the space between the integrated circuits of a computer or in the space between the gears of a sports car just as easily as on the top of a mountain or among the trees in a forest. To think otherwise would be to diminish Buddha and therefore to diminish oneself.

Japanese technological civilization moves along different lines from the West: companies strive to produce objects which are not only useful for something but which also incorporate aesthetic qualities to appeal to public tastes and sensibility.

This is because in Japan every discipline and every technological activity which requires not only theoretical knowledge but also practical ability has always been considered an art. On the other hand art itself has always presupposed manual skill and a universal sense.

The search for beauty in the technological product is perfectly in tune with a system of values which Japan has preserved unaltered from ancient times to the present day.

The union between objects and the spirit, as it was for the craftsman who poured his spirit into the teapot he was creating or for the Samurai who found his spirit in the sword which he brandished, avoids the split which has long been felt in the industrial West between craftsmanship and art and between science and art.

Science and knowledge transmitted as art still involves a value of ancient wisdom, that wisdom which, in the attempt to find solutions, be they technical or aesthetic, to a given problem, forces Japanese researchers to unite the technical aspect to the aesthetic principle.

Japanese technological culture retains these traditional values which foundered last century in the West along with rural culture, swept away by the industrial revolution.

The powerful Japanese technological structure is the fruit of the integration of different technologies which Japan introduced from abroad or changed internally without allowing itself to be influenced by the civilization or the culture of the world it was borrowing them from.

The process which has a long history has a double value, both internal and external, of technological integration and synthesis. From an internal point of view the strategy of amalgamations has allowed Japanese firms to acquire technology and to exchange knowhow much more efficiently than through takeovers and mergers.

The essence of the so-called 'technological amalgamations' is reciprocity: two industries, while each preserving its own structure and its own market objectives, begin to invest reciprocally in each other.

Though this strategy of amalgamations can be carried out anywhere, Japan, thanks to the structure of the Keiretsu and its readiness to discuss problems and technological progress in forums and at inter-industrial conferences, has proved to be particularly fertile ground for technological amalgamations.

From an international point of view, Japanese firms showed typical accuracy and far-sightedness in the thirty years between 1950 and 1980 when they spent more than \$ 10 bn importing knowhow and concluded no less than 30 000 technology agreements with foreign firms.

In the history of relations with the rest of the world various factors allowed Japan to preserve its own unique structural dimension which has remained unaltered throughout centuries of contact with other cultures, not the least of which is its geographical position. The fact that it is an island not too close to great ancient or modern civilizations has allowed it to develop a peculiar system of cultural absorption.

Its cultural and social uniqueness has been built up and consolidated in years of history and international exchange constituting the dense web in which the more or less ephemeral strands of the civilizations and technologies with which it came into contact wove themselves from time to time.

This structural uniqueness has remained intact until today and in fact the technological challenge which Japan is throwing out to the rest of the world is based on the same strategies which made the country great up until the Second World War.

The characteristics of the Japanese technological challenge were already in existence in the culture and in the imagination of the Japanese people: from the aptitude for minutuarization to the priority given to production.

An example of the way in which the country achieves a union between the structural spiritual dimension and the fluctuating operative dimension are the Quality Control Circles.

These are an appropriate expression of that social technology which in Japan supports the structure and organization in which production technologies gradually come about.

Borrowed from the West they have been transformed into something different, almost a philosophy which pervades every firm, of whatever size, in every commercial sector.

The American approach to the QCs was in fact completely rational: they calculated a maximum percentage level below which production defects were economically tolerable.

Japanese companies on the other hand fully involved all the actors of the production process and immediately aimed at zero defects, thus changing and raising the QCs to something unique and original: Quality Improvement Circles.

Everyone takes part fully in the improvement of production activities: engineers, future managers and workers apply themselves in the workshops and on the assembly line to find errors and imperfections, to give and receive advice. This develops a strong sense of cohesion, an 'esprit de corps' and personal commitment.

During this period of work, where they have direct contact with workers and with the fundamental problems of the company, future managers leave behind their previous university training but, precisely for this reason, they emerge enriched and ready to fill posts of greater responsibility having developed a sense of attachment, almost affection, for their work and their company.

Under this system the workers in turn not only find a way to bring creativity to the monotonous routine of the assembly line, but also have an opportunity to gain recognition for their efforts for the company, both via economic incentives and via participation in study meetings and conferences on subjects they know about.

The importance of the assembly line confirms the theory that in Japan technology is seen as a rational fact. The priority given to production demonstrates that there is no interruption between the methods of the craftsman and twentieth century technological production methods: both have their roots in the logical cultural evolution of the Japanese people.

In the Japanese approach to technology there is no separation between what man does and what man is: a man who works on an assembly line identifies with his craft, he is not a spectator forced to live with something strange which he would prefer to have nothing to do with.

Japan does not seem to have that love-hate relationship with technology which in the West on the one hand gave rise to generations of protestors, from the Luddites to the Flower People and Hippies, and on the other hand settled into the modern stark contrast between work and leisure time.

The Japanese are more serene and detached from what we in the West call technological stress.

Their spirit never had so much need for technology that it came to hate it. In a recent study carried out by the Japanese Prime Minister's office, it was revealed that only 40% of Japanese people believe that technology has improved the quality of their life, as against 90% of Americans.

The propensity for team work on the assembly line is the nerve centre of all the strategies of Japanese technology.

The group, comprising multi-specialized individuals, shares at the time of production that sense of achievement which is the quintessence of team work. The members of the group spontaneously share both recognition for a good result achieved and responsibility for any failure.

The working environment is therefore more relaxed and the individual feels less stressed by competition for promotion which characterizes the more meritocratic Western system.

Doing together a job which, as many Western critics have argued, could be done at home by one person, means allowing engineers, technicians and workers to make prototypes which are practically ready to be put into production.

In this process aimed at final production we find those martial values borrowed from Samurai society, such as effort and physical work. In a highly competitive context, such as the internal market, Japanese engineers are accustomed to determination and speed, as were their Samurai ancestors in delivering a blow in the martial art of Katana.

It would be unusual for a Japanese firm to waste time in detailed market analysis in the search for that characteristic which could be more attractive to the buyer. Instead, the engineers will put into production goods which approach what they believe to be the market trends, to anticipate competition and then, having observed customer's reactions, to adjust their aim.

No one has yet been able better than they to interpret with such devotion to these results the principle of technological innovation led by demand before the exact nature of the product supplied has been definitively fixed.

Harmony within a firm is also achieved thanks to the total lack of any class distinctions.

In democratic societies such as the United States or Europe there is rigid discrimination which, even if not based on birth, is closely linked to ability and therefore to merit: administrators and managers on one side, operatives and blue collar workers on the other.

This contrast is consistently reflected in salaries, working hours and socialization areas.

In contrast, the system of values of Japanese social technology tends to reward the commitment and effort expended to improve production levels and quality in the firm.

There are no value judgements about the type of work done, intellectual or manual, partly because engineers, technicians and workers all start at the same level: the workshop or the assembly line.

Even more, the Japanese avoid discrimination within the same category, something which happens in America where graduates from prestigious universities are promoted more quickly, or in Europe where anyone without a certain status finds it difficult to reach positions of prestige and power.

By doing away with all the prerogatives which may derive from membership of a certain elite the Japanese firm creates an atmosphere which is completely homogenous, where even the company chairman is seen as someone who has worked harder and who has been helped by fortune.

The negative sides of this model are known to all.

The system based on the priority of production has drawn intellectual energy from other sectors; for example there is a serious shortage of scientists and engineers in the field of basic research.

The success of semiconductors and the wide range of use of their derivatives, microprocessors, have absorbed a large part of the intellectual efforts of technicians who have persisted in the search for new frontiers of application of these devices to every sort of technological product.

But the most difficult problem now is the lack of creativity.

In fact Japanese researchers and scientists have proved very good at keeping up with the times.

It is no accident that the entire R&D system is very well organised for the skilful use of the discoveries of other countries in order to establish a

close link between the technology business on a world scale and the Japanese industrial sector.

But what of creativity?

When the objectives were clear and defined, to catch up with and overtake the United States and Europe, there were no problems, but now that the initiative should lie with Japan what will be the new paths for development?

It would seem that the Samurai approach, based on speed and determination, works perfectly in the short-term, when it is a matter of dealing impulsively with and overcoming any obstacle, but it proves ineffective in designing more long-term strategies.

Many have objected that the Japanese approach leaves no room at all for curiosity, for the most idle reflection, which are always at the root of technological invention.

Perhaps the Japanese lack that sense of a challenge, that love of risk which is necessary to the spirit of the pure researcher, almost as if the fear of failure blocks the mind.

It should be recognized that Japan, the land of organization and cooperation, inhibits and weakens that sense of a challenge, both on a national scale and at entrepreneurial level, because nobody feels able to take the initiative for fear of involving his colleagues and superiors in a failure, according the principle of the spontaneous sharing of successes and failures which we mentioned above.

Will Japan be able to create the right atmosphere for the development of a sense of creativity without destroying its hitherto winning system of industrial relations?

The answer to this question holds the key to the future of the system in Japan.

Is it necessary to change the country's basic values to obtain creativity at production level?

The forecasts made so far on the next ten years have shown the facility with which new technologies would adapt to the Japanese technological environment.

It is no accident that the main actors in the future process of innovation will be large-scale integrated systems, or simple extensions of that process of growth of electronic technology begun in Japan with transistors and recently taken to further success with semiconductors.

In a future context of mature technology, with more sophisticated products at lower prices, we will see an acceleration of the application of already existing technologies: a serial process in which innovation will carry on at a very steady pace precisely because without the momentum of invention.

In the next few years energies will be concentrated on miniaturisation and on the use of sophisticated technologies in the search for new and higher performances of the finished product while, very probably, very few will devote their talents to the search for new principles which would revolutionalise basic concepts and lead to new technologies.

The leading technology will still be electronics. This industry, reaching the apex of its maturity, will become the key to development of the information technology sector, the world's most expanding industry over the next ten years.

In the last decade the Japanese strategy aimed at domination in the field of the so-called non-personalised technologies, i.e. those without direct human contact. These technologies could be defined as 'passive', the typical products being memories and printers such as fax machines and photocopiers.

More or less unnoticed the Japanese have pervaded our markets for neutral and therefore apparently innocuous products.

But over these years they have never lost sight of the ultimate objective, the field in which the final battle will be fought: in fact the driving force of the world economy will increasingly be the semiconductor.

The semiconductor chip is at the heart of information technology.

As technologies steadily mature, the level of use of these microscopic electronic devices in technological products, already very high, is increasing at an exponential rate.

Japan, which has always been very strong in this field, is becoming unbeatable.

The likelihood is that, once it has dominated the semiconductor industry and therefore the information technology sector, Japan will in effect hold all the cards: by carefully using the precious semiconductor product and varying the level of supply and the price, Japan will be able to decide the future of countless western companies which will need this scarce product in order to function.

This will be like putting one country in charge of the tap which normally feeds the companies operating on an international scale.

It is possible to imagine that one day the Japanese will begin to shut off the pipelines to the rest of the world in order to replenish and strengthen the domestic market as a matter of priority.

Japan will thus be able to provide the international market no longer with components or products made using simple common technology, but real alternative systems, i.e. finished products with a higher added value and considerable consequences both in economic and cultural terms.

Despite this, in the current climate of innovation without invention, the compact and homogeneous Japanese technological system is already beginning to show cracks.

Now that it has embarked on the road towards innovation as an end in itself, it would seem that the system is no longer able to reorganise itself.

The hitherto winning strategy has recruited an army of exploiters of high technology, technicians and engineers in much greater numbers than the few hundred scientists and researchers, who have given that driving force, that acceleration to technological innovation in order to allow Japan to win the challenge with the West.

The entire country has been involved in a process which drew on the tight network of relations between technicians and clients and between the production line and the market.

The West risks losing the challenge because it has not been able to rediscover that general tension towards technological progress which was common in the years of the first space missions.

By relegating development and innovation to extremely sophisticated research laboratories, the West has not been able to make technological development a universal civil goal.

Today Japan realises the danger of an about turn in its process of growth.

The pace has become too high, entrepreneurs and engineers seem more concerned with tightening up the speed of the production cycle than looking to the quality of the product.

Competition on the domestic and international markets is ruthless: many other competitors have gone into the field of innovation without invention, especially Asian countries.

However, while Japan seems incapable of changing the fundamental components of its model such as the educational system, industrial relations and the role of women inside and outside the market, the new Asian competitors are quickly abandoning the Japanese model which they have also tried.

They intend to pursue an educational model which gives importance to a spirit of invention, the creativity of the individual and therefore the individual's ability to make his mark in the social context which surrounds him.

This choice alone shows that the Japanese model has a limit to be found precisely in those qualities which gave rise to the Japanese success.

Even those values which for so long formed the basis of the system of social and industrial relations are beginning to creak.

The faith in the system, attitudes towards the company are beginning to be called into question, seriously threatened by political and financial scandals

which, like unexpected short-circuits, indicate a dangerous lack of harmony between the various parts of the system.

How will Japan overcome this crisis? Where will it find that creative force necessary to change and evolve its own technological system without upsetting the web in which basic social relationships are woven?

In this context serious doubts are being raised about the otherwise laudable initiatives for international scientific and technological cooperation agreements which Japan has made in recent years.

There is the suspicion that programmes such as IMS, ITER, Human Frontier, New Earth 21 and research into sixth generation computers are above all aimed at favouring Japanese scientific potential in the fields considered strategically important.

This would fill the gap created by the Japanese management system which normally concentrates efforts only in the sectors which show substantial economic returns in the space of three to five years.

In fact being part of research programmes with long-term effects on production would allow Japan not to miss the boat of world technological development.

There are currently two fields in which Japan is particularly behind: the technology of new materials and new energies and the chemicals sector are weak because of the lack of commitment and long-term planning because of the difficult prospects of practical application in sectors with small or uncertain markets.

The state itself has in the past shown a certain lack of interest, giving little funding to research and mostly leaving it up to the industries themselves to invest in this area.

However while companies in the high technology sector usually use some four to eight per cent of their turnovers for R&D, industries which operate in more scientific circles are discouraged by the high percentage of investment necessary to remain competitive: over 12% of sales.

The chemicals industry, for example, has experienced slow technological development because of the characteristics of its growth model: the fields of superconductors, bioreactors and light chemistry require original ideas and a constant fresh input of energy. The unexpected changes which are typical of process of research and acquisition make it impossible to fix definite objectives and make every effort to achieve them as soon as possible.

The same may be said for new energy technology for which the opportunity cost is extremely high. There is always the danger that the USA, far ahead in this field, may further widen the gap with some revolutionary invention.

On the other hand the aerospace industry and the aeronautical industry are frustrated by an imposed delay.

Both technologies would adapt perfectly to the strategies and aptitudes of Japanese research, but both are hampered by constitutional and international bonds which check their development.

Article 9 of the constitution, which denies Japan the right to armed forces, has held back the development of military technology and deprived Japanese industry of the relationship of interdependence which exists between the strategic and the economic spheres.

The development of the aerospace and aeronautical industries is also frustrated by agreements concluded in the late sixties with the USA which, giving the Americans the possibility of vetoing any agreement on aerospace launches between Japan and third countries, have in practice reduced the industries of the sector to subcontractors.

Space technology is the queen of the high technologies: no other industry can achieve the same added value on metal and electronic circuits.

But, naturally, Japan feels the need to enter into space for strategic rather than economic reasons.

To concentrate on aerospace technology the industrial system should in fact change, expanding further to manage a huge and sophisticated supply industry which would range from new materials to the light chemicals industry.

The Japanese system could thus make up ground in those sectors which are still underdeveloped and create a relationship of dependency between civil and military technology.

Just as after the defeat of 1945 Japan was psychologically ready for the radical reforms of General MacArthur and the 'unthinkable' statements of Emperor Hiro Hito, convinced that these were the price to pay in order to get back into the circle of nations competing, using milder methods than military ones for international geopolitical supremacy, today Japan, strong both on the technological and the financial front, seems ready to share the secrets of its success with anyone who wishes to listen.

This would allow it to reduce the hostility which increasingly surrounds it on the international scene and to obtain that implicit recognition of a technological superpower necessary to overcome a long-felt inferiority complex with respect to the USA and Europe which has never been completely removed, before it turns into a very dangerous sense of superiority.

It must be hoped that Japan will very soon understand that scientific and technological cooperation is not an instrument, an extra weapon in the logic of the war of competition, and decide to commit itself to R&D and really take on the responsibilities of research in the technological areas which require invention rather than innovation thus allowing other countries to draw breath and concentrate on reorganization, on the basis of industrial and production structures which are more compatible with the Japanese models.

Japan as a power

The bipolar balance based on nuclear dissuasion was also a political, economic and military order in the world.

Its collapse thus means a change which has repercussions for the world balance as a whole.

In this situation Japan has determined its role as an economic superpower limited to just that, precisely because the political and military functions are assured by other powers.

Japan's particular position as an economic superpower which is not at the same time a political and military power is effected by the collapse of the nuclear equilibrium.

On its own account and in accordance with its own plan as an economic superpower, Japan has for some time been working on the idea of establishing an area of Asiatic influence, linked with North and South Korea, the 'small dragons', Australia and New Zealand, i.e. the countries able to assimilate Japanese production at its current level.

Still along these lines, Japan is particularly interested in the Soviet East and in particular the island of Sakhalin, with which it has already developed direct economic and cultural relations.

One of the questions on which Japan and the USSR have been most divided is the problem of the Northern Territories (the Kuril Islands) annexed to the Russian Republic after the second World War and inhabited exclusively by Russian nationals.

The investments which the Japanese Government have recently decided to make in these islands are only justified by the assumption that Russia will accept the restoration of Japanese sovereignty over the Kurils and make a greater commitment in support of the Russian economy.

Here we have an unusual case of an exchange of investments for territories.

Those areas of China in which economic liberalisation has been applied, by virtue of being coastal regions and adjacent to Hong Kong, have also proved of equal interest to Japan, which is attempting to organize developed Asia around itself both to win markets and to site industries.

Japan is therefore seeing a return of its role as an Asiatic power, but always relative to the status of economic power.

However, just as the political, economic and military factors are intersecting once again, the problem of South-East Asia, which is not a privileged zone exempt from conflicts, cannot fail to return in full.

There are countries in the area such as Burma, Cambodia and the Philippines which are still experiencing a situation of civil war. There are the problems of the stability of the Indian subcontinent, political developments in Russia

and China and lastly, but not least, two of the powers in the area are nuclear powers.

Japan's political interests in this area may certainly be considered the same as those of the United States and the EEC.

But tomorrow this area may be free of Soviet and American bases, and free of their military hegemony and their direct involvement as nuclear powers.

In this case simple economic intervention may increasingly take the form of political intervention and even the form of indirect military intervention via the weapons market.

The end of the bipolar system leaves a power vacuum in eastern Asia which Japan has the opportunity to fill.

This possibility is not viewed favourably by the countries of the area who remember the Japanese occupation during the second World War.

The decolonisation movement had its political and military bases in Japan's success in the first period of the second World War from 1941 to 1945.

Despite this no country occupied by Japan is happy about the return to a political and military role for the Japanese in this area, and would even prefer an American or Soviet presence.

Japan itself has so far remained far from any political design regarding eastern Asia and any Japanese role in the area.

There will never be any question of a colonial empire, but Japan could increasingly take on the role, not so much of a regional power, but of a power responsible for expressing the joint interests and the international order.

This has been seen in the discreet and efficient role which Japan, while not directly involved, played in the settlement of the conflict in Cambodia.

In this case coordination with the policy of European countries and the EEC in particular could have a greater role and could also take shape as part of an attempt to reinvigorate the United Nations.

Action in this context would give to all the action taken by the western powers and even more so to the action taken by Japan the impression of being both politically and diplomatically active and morally legitimate.

The sense of the proposal for political relations between the EEC and Japan lies in the fact that on the economic and production front only the EEC, as a European system, can bear comparison with Japan as a single system.

However, the difference between the two systems does not only lie in the different ways they are active in the market, but rather in the cultural qualities which primarily determine the mode of production.

It is necessary to ensure that not too much importance is given to commercial competition while too little is given to those policies which recognize a very close solidarity of Japan with the countries of the EEC and the United States.

There is a political dimension, at the same time precompetitive and postcompetitive, which is that expressed by the political solidarity of Japan with the United States and with the countries of the EEC at world level.

It is necessary to establish a framework not linked to commercial competition in which it is possible to discuss and tackle the problems which affect economic relations between the EEC and Japan but which also involve non-economic considerations.

Both Japan and the countries of the West are giving life to the great adventure of the technological society which leads man away from his natural niche.

In this adventure they are moved by distinct cultural and social traditions. However, the problems posed by the technological society are the same for the two systems.

It would therefore be useful to have a permanent forum of contacts between the EEC and Japan in which the problems posed by the advent of the technological society can be tackled in a global and clearly noncompetitive context.

The Forum would thus be an informal affair in which models, procedures and techniques may be compared and assessed and the motives of one side compared with those of the other.

Motion for a resolution (B3-0749/89) by Mr Perez Royo pursuant to Rule 63 of the Rules of Procedure on Europe-Japan relations

The European Parliament,

Aware of:

- A. the increasing importance of Japan as an industrial and financial power in the world,
- B. the fact that recent developments in Eastern Europe are likely to transform the relationship between Japan and the United States,
- C. the fact that the weak link in the Japan-Europe-US triad is Japan-Europe relations,

Asks that:

- 1. the Commission re-evaluates the future of the Japan-Europe political link in the light of changing circumstances;
- 2. copies of this resolution be sent to the Commission, Council and Member States.

