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MEMO 108/84

Brussels, 26 October 1984

HIGH LEVEL CONSULTATIONS BETWEEN THE COMMISSION AND JAPAN

The 24th high level consultations between the Commission and the Japanese authorities will take place in Brussels from 29 to 31 October 1984. The delegations will be led, on the Commission side, by Mr Leslie FIELDING, Director-General for External Relations and on the Japanese side by Mr Reishi TESHIMA, Deputy Minister for Foreign Affairs.

These consultations provide a regular forum where both sides can exchange views on a wide range of topics of bilateral and multilateral concern. They afford the opportunity for the two partners to explain and clarify their positions and to build on the close relationship which already exists between the Japanese authorities and the Commission.

The political importance of this relationship has been highlighted by the official visit of President Thorn to Japan in May 1984 as well as by the EC-Japan ministerial meeting which took place in Brussels in the same month. Both sides agreed during this meeting that their bilateral relationship was entering a new important phase of increased cooperation and better mutual understanding. Visits to Japan by Vice-Presidents Davignon and Ortoli have further illustrated the importance which both sides attach to a close relationship.

TRADE RELATIONS

Japan and the Community, together with the USA, play a leading part in the open trading system created by the GATT. Together the three represent almost half of total world trade. The rules and disciplines of the GATT system, including the Most Favoured Nation clause whereby each party guarantees to give its trading partners in GATT equally favourable tariff arrangements, are the basis for their mutual trade.

TRADE DEVELOPMENT AND TRENDS

Trade between Japan and the Community has increased spectacularly in the past decade to Tokyo's advantage. From a figure of 1 900 MECU in 1970, EC imports from Japan have risen to 20 576 MECU in 1983. Community exports to Japan have not displayed a similar tendency rising only from 1 392 MECU in 1970 to 7 306 MECU in 1983 with the consequent rise in its bilateral trade deficit (see annex). The forecasts for 1984 show a certain stabilisation: the tendency to a widening deficit seems indeed to have slowed down somewhat. This must however be interpreted with caution as the increase in Community exports is due in the first place to pigmeat exports which had been banned during 1982 and 1983 and to a large extent to exports of non-monetary gold which do not appear in Community statistics.

TRADE STRUCTURE

Japan is the Community's fourth largest supplier accounting for 5.3% of her imports, and her thirteenth largest market with 2.1% of total exports. Trade between the two parties is mainly in industrial goods though the EC also exports substantial quantities of meat and alcoholic drinks to Japan. The principal EC exports are organic chemicals, pharmaceuticals, textiles, mineral manufactures, non-ferrous metals, machinery, road vehicles and clothing. Japan's main exports are office machinery, sound and telecommunications equipment, electrical machinery, road vehicles and photographic equipment though she also exports substantial quantities of chemicals, rubber manufactures, paper, textiles, mineral manufactures, iron and steel, machinery and precision instruments.

ACTION TOWARDS A BETTER TRADE EQUILIBRIUM

In view of the disequilibrium which characterised EC-Japan trade over the past decade, the Community has on many occasions insisted on corrective action by the Japanese authorities.

OPENING OF THE JAPANESE MARKET

In this context the Japanese authorities have decided a series of market opening measures designed to ease certain import restrictions (unilateral tariff reductions, comprehensive review of standards and certification systems) which the Community has welcomed as steps in the direction of improved trade relations. The results of these measures, in terms of actual trade, are still not of a magnitude commensurate with the importance of the disequilibrium.

JAPANESE EXPORT MODERATION

On the export side, the Japanese government has given assurances that Japan would moderate its exports of a number of very sensitive goods to the Community (cars, motorcycles, light commercial vehicles, fork lift trucks, machine tools, TV sets and tubes, Hi-Fi equipment and quartz watches) and would respect precise quantitative limits for video tape recorders and large colour TV tubes.

The trade statistics available show variable results. For three product groups the volume of imports in the first 6 months of 1984 is down (video tape recorders -13%, TV-tubes -13%, motorcycles over 50cc -23%) but all other imports subject to moderation are up by ratios between 8% (cars) and 51% (machining centres). As to VTR's, the assurances given for 1984 were based on estimates for the total market for these products within the Community. These estimates have had to be scaled down in view of declining demand.

EXPORT PROMOTION TO JAPAN

For its part, the Community continues to make efforts to help its exporters on the Japanese market in the framework of its Export Promotion Programme. The Commission organises, for instance, seminars on market possibilities and missions of European businesspeople and industrialists to Japan. The Commission also finances an "Executive Training Programme" where groups of young European businesspeople spend 18 months in Japan learning the language and working in Japanese firms to improve their knowledge of Japanese business practices.

BROADENING THE RELATIONSHIP

Both sides consider that their relationship must not be limited to trade problems and should be broadened to include, for instance, industrial, scientific and technological cooperation. The Commission and the Japanese authorities organised symposiums in Tokyo in November 1981 and in Brussels in January 1983 which brought together a large number of representatives from trade, industry and finance of both parties to discuss trade problems and promote industrial cooperation. Regular meetings at official level as well as at political level have been established to explore ways and means of developing industrial cooperation.

The Commission has also submitted to the Council of Ministers proposals for an agreement with Japan on scientific and technical cooperation.

The Commission and the Japanese authorities are also examining practical approaches to cooperation in the field of aid to developing countries.



**Trade development between the EC and
Japan 1970-1983**

	1970	1975	1977	1981	1983	Million ECU (*) 1984 estimates (6 months)
EC imports:	1900	5185	8576	16204	20576	11040
EC exports:	1392	2257	3112	5604	7306	4050
Balance	-508	-2928	-5464	-10600	-13270	-6990

Source: EUROSTAT

(*) The exchange rate ECU/dollar varies daily as the various EC currencies which make up the ECU vary against the dollar. One ECU was worth US\$ 1.2 in 1973, US\$ 1.37 in 1979 and US\$ 1.39 in 1980, US\$ 1.12 in 1981, US\$ 0.98 in 1982 and US\$ 0.89 in 1983.