

"Japan will not be able to attract more foreign investment," said European trade policy arm

The European Business Community in Japan (EBC) released its annual policy white paper: "Trade, Investment and the Reform Nexus: The EBC Report on the Japanese Business Environment 2004" on November 10.

In his speech launching the Report, EBC Chairman Richard Collasse (President, Chanel K.K.) reiterated the EBC's support for Prime Minister Koizumi's goal of doubling foreign direct investment by the end of 2006.

However, Collasse stressed that Japan will not be able to attract more foreign investment until the Government takes decisive action to address the structural impediments to business development in the private sector.

The Report points out that a number of recent policy

decisions have sent mixed messages to foreign investors. Examples cited include recent decisions to water-down changes to the Anti-Monopoly Act and introduce "poison pills" into Japanese corporate laws.

The report consists of 29 chapters covering a wide range of sectors and business areas. Each chapter consists of a series of recommendations, and an assessment of the progress that has been made over the past year.

In the automobile industry, EBC urges the Japanese industry to focus on more on the technical, commercial and logistical aspects of automobile production in the procurement of components and systems. This would complement industry trends towards global purchasing, cost-effectiveness, and single

platform development, said EBC.

However, European parts makers continue to face difficulties in promoting European technical expertise to the Japanese automobile industry, mainly due to continued reluctance in outsourcing product development on a global basis. Japanese firms are still uneasy about divulging proprietary information to outsiders, continuing to provide "Japanese solutions" to customers in order to adhere to company-specific specifications, while defies the global trend towards single platform development and volume production, according to the report.

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