

<b>Publication</b>	Associated Press
<b>Date</b>	November 26 <sup>th</sup> , 2008
<b>Title</b>	<i>Business leaders urge more Japan-EU economic ties</i>

A major European business lobby in Japan urged the world's second-largest economy to eliminate barriers to goods, people and capital and shed its protectionist tendencies to deepen economic ties with Europe.

Together, Japan and the euro-zone economies account for about 40 percent of global gross domestic product. But their relationship now is mired in a hodge-podge of incompatible regulations and “very little vision of a way forward,” said Richard Collasse, chairman of the European Business Council in Japan and representative director for Chanel in Japan.

“The EBC believes that, in this time of crisis, the moment has come for Japan and the EU to recognize the significance of their combined strength and shared values, and unleash their potential as global economic partners,” Collasse said in a speech in Tokyo.

Ultimately, the group envisions a “EU-Japan Economic Integration Agreement” that would cut red tape and allow for freer flow of products, labor, services and capital between the two regions.

The group cited a long list of roadblocks now standing in the way: high tariffs on European foods like chocolate and cheese, cumbersome immigration procedures, restrictive media access, incompatible building materials standards, and a legal loophole that permits individuals to import fake designer handbags into Japan.

The EBC said in a report that Japan's export-dependent economy, which fueled the country's rise to economic superpower in the postwar period, is now outdated and must open up more to the rest of the world.

“The core of the problem lies in Japan's inability to completely leave behind its once effective postwar growth model, characterized by central government guiding industry in the search for global market share and then redistributing the resulting export profits, while protecting domestic industry from competition,” the report said.

Japan should instead adopt product approval systems compatible with international standards, it recommended. Companies should be able to operate and compete anywhere within the EU or Japan, and authorities should establish common guidelines for the financial services industry. The group also suggested relaxing or eliminating visa and work restrictions between the two regions.

Indeed, Japan's current recession stems largely from a sharp pullback in corporate investment amid the unfolding global financial crisis and sputtering global demand. Adding to the pain is a stronger yen, forcing a growing number of exporters big and small to slash their future expectations for profit, sales and spending.

Toyota Motor Corp., for example, has cut its net profit full-year profit forecast to 550 billion yen (\$5.5 billion) -- about a third of last year's earnings.

“Japan will not be able to export away the need for structural reforms but needs finally to face the challenge of finding a new economic model,” the report said.

The proposal regarding the integration agreement has yet to percolate to official government-level talks, though a senior official from the Ministry of Foreign Affairs said that Tokyo “welcomes” the proposal in principle and called for further discussion on the scope and feasibility of an economic integration agreement with the 27-member European Union.

“Japan and the EU should be the center for the new world order,” said Yasuo Tanabe, deputy director-general of the ministry's Economic Affairs Bureau.

The European Business Council in Japan is the trade policy arm of 18 European national chambers of commerce and business associations in Japan, representing more than 3,000 companies and individuals, according to the group.