

“Developments in the EU and Effects on the EU-Japan Relationship”

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I am pleased to be here at Ritsumeikan University, a well-established and distinguished seat of learning which has strong ties with Europe, not least through its founder Prince Saionji who lived in Paris and studied European culture.

Recently, President Barroso visited Kyoto and enjoyed its many temples and shrines. He had the honour to stay in the newly-opened state guest house and to meet the Governor and Mayor of Kyoto.

Kyoto continues to have strong ties with the European Union: Paris, Cologne, Florence and Prague are all sister cities. Thousands of European tourists visit Kyoto every year. I hope that this beautiful city can continue to serve as a bridge between Japan and Europe.

As the process towards an open information society has accelerated, both in Europe and in the world, the transition to a knowledge-based society may be compared to eras such as the Renaissance or the Industrial Revolution when important transformations of European society took place. In the process of globalisation the EU is, on the one hand, a driving force but, on the other, also under pressure to accelerate its move towards reform and structural adjustments. This as such is not a threat, but in order to do things right we should have a clear vision of what we want to achieve. I have no doubt that Japan is faced with the same challenges and works hard to identify its own specific answers.

What roles can the EU and Japan play in this process and can they work together? My answer is yes, to a certain extent! Both the EU and Japan share common interests, but both have also developed quite differently.

Japanese society is compact and homogeneous. In the world of international relations, Japan works on the basis of traditional diplomacy. The EU is a development “sui generis”, of its own kind, in which new patterns of international law emerge. It is a system of mixed competence where important elements of classical sovereignty, in particular in the economic field, have been pooled through the establishment of integrated policies whilst maintaining other areas under national sovereignty. To this concept other new forms of regional co-operation are added. The creation of integrated institutions, co-regulations, advanced forms of contractual commitments e.g. in foreign and security policy issues,

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comparisons on the basis of "best practices" or, most recently, the open method of coordination, stand as the highest commitment to coordinate our EU policies.

The EU therefore can not be considered to be a nation state, and this was not the aim of the founding fathers anyway. The Schuman Speech of 9 May, 1950, Jean Monnet's memoirs or Carlo Schmid's essays on what European Integration in the 1950s really meant explain the basic concept very well. More recently, the German philosopher Peter Sloterdijk talked about Europe as a university where people of different nations learn to cooperate and practice tolerance with their neighbours instead of the emergence of a new nation state.

This, of course, sounds very academic and, for me, it is obvious that the EU needs at least partially-specific and well-tested instruments of a nation state if it wants to act effectively and efficiently.

The EU developed step by step through a lengthy process and not as a result of a blueprint or a master plan. Its institutional structure was tailored to respond to a clearly defined and limited purpose. Over the years this structure was enlarged and new competences added. But this was a process which worked bottom up, not top down. In this sense, other regions all over the world, including East Asia, can learn from the EU model. Cooperation or even integration must start from the definition of common political, economic or cultural interests. The discussion about which institutional structure is best designed must follow later and should take into account the political, legal and administrative specificities of the countries concerned.

It is therefore important to understand what forms the basis of the European integration process:

Firstly, the EU is neither a nation state in the traditional sense nor merely an international organisation, but a hybrid between both.

Secondly, the European integration process is not about transforming a blueprint drawn by intelligent architects who say how the EU could work best.

The EU does not develop "top-down" on the basis of a preconceived state-like model, but as an institutional structure which is designed to carry out well-defined interests and actions marked out by its Member States.

Firstly, the specific political, economic or other problem has to be identified. Then, secondly, a solution on common grounds has to be found which best fits the specific interests of the member states. Subsequently, an institutional framework is built in which the integration process is performed. This is the reason why we refer to the expression "*bottom-up*" when we speak about the development of the EU.

Let me demonstrate this on the basis of a simple example: At the end of the Second World War, Europe had to deal with urgent problems which only a combined effort of as many European countries as possible could solve. The main issues were quick economic recovery and how to make another war in Europe impossible. The former French foreign

minister Robert Schuman outlined his proposition for a solution in 1950. The idea was to put the entire German and French coal and steel production, the key industries of that time, under the supervision of one high authority.

Hence, by joining forces and entwining the European economies, the maxim of “never war between us” was upheld. At the same time, this new and integrated structure helped to address another problem, namely reconstruction of a ruined continent and economic recovery.

The creation of the European Coal and Steel Community was the beginning of the European success story. The Common Market and the common currency followed subsequently. Even the highly disputed political union is nowadays partially implemented through the inclusion into the integrated structure of typical issues of domestic policy such as the Common Foreign and Security Policy, the fight against international crime and terrorism, international aspects of asylum and immigration policy, the protection of the environment, or even social and labour related issues.

Many things have changed during the years but the principle, the basis of how we work together as 25 member countries now, remains the same. Each and every discussion on further integration, enlargement of the EU or structural reform starts with the analysis of whether a European approach is needed, appropriate, proportional and politically desirable. This is what we call the application of the principle of subsidiarity or proportionality when drafting our legislation.

Nowadays, one issue might be the secure supply of energy, for instance. Then we ask ourselves what we could do together, how we could cooperate to solve this problem to the benefit of all. The EU approach is clearly a patchwork.

We know very well, of course, that we need to be constantly vigilant. As we work in an open dialogue there is the danger that every Member State might try to use integration for its own benefit. Opposite interests can undermine the unity of the EU as has become apparent during the war on Iraq. But there are also different opinions on the general alignment of our economic policy.

Enlargement also needs to be addressed professionally and must strengthen, not dilute the European integration process. Enlargement has not only to be politically and economically discussed, but raises questions on how to serve efficiency and cohesion in a multicultural environment. It also addresses the issue of geographic borders of the EU. This lays behind our internal discussion on whether or not Turkey should accede or if Russia should be part of the European Union.

And finally we face difficulties in creating a European identity. People still feel very much as if they are Maltese, Hungarian, French and German rather than European. The problems we faced during the ratification process of the European Constitution can be partially traced back to these uncertainties, but also to implicit fears that globalisation might transform our national identity. We need to understand that globalisation is not a

threat, but a chance to achieve a better living standard for all. In order to guarantee welfare for the European people we need more Europe, not less.

In this context it is important to study carefully the paper which the European Commission has recently published on the future of the EU. This paper sets a sort of road map to solve the present European impasse concerning the ratification of an EU Constitution. The Commission seeks a renewed commitment of the European citizens to the European unification process, through —inter alia— an ambitious, policy-driven agenda for the coming year.

The paper therefore sets out new initiatives, including improvements in the functioning of the single market, an agenda for the citizens for better access to their rights and contains a proposal to the Heads of State or Government of the Union to fully exploit the headroom available under the present treaties to transfer to the Community a large number of the decisions in the fields of justice, freedom and security. The Commission then proposes a couple of new measures to enhance our political and judicial cooperation.

On the issue of further enlargement, the Commission confirms its existing commitments and promises to step up its engagement as it discusses the pace and scope of enlargement. A strategic paper on the issue of external relations is in preparation and will be issued later in the year.

On institutional issues, the Commission proposes that the June European Council should endorse a step-by-step approach, adopting as a first step a new political declaration, and then commitment in 2007, 50 years after the signature of the Treaty of Rome. This declaration should then serve as the basis for decisions by the European Council to launch a process designed to lead to a future institutional settlement.

As we say: the EU thrives on crisis. In June the European Council will meet again to discuss our proposals. We have understood that we have to be in a continuous dialogue with our people. We will try to meet their concerns and focus on jobs and growth, on solidarity and security. Achieving a renewed commitment to Europe from European citizens will be through the achievement of concrete results.

What do European developments mean to EU-Japan relations?

EU-Japan economic relations have developed very positively over the last two decades. Our joint GDP accounts for 40% of the world total. We are amongst each others main trading partners and answering Prime Minister Koizumi's call to double inward foreign direct investment by the year 2008, the EU invested \$5.5 billion on average between the years 2002 to 2004.

We are Japan's main foreign direct investor. But at the same time the EU is an attractive place for Japanese investments as well. In 2004 Japanese companies invested about €10 billion in the EU —more than in the USA or China. Both sides welcome these developments. But both sides also agreed at the last EU-Japan Summit in Tokyo that our economic relations could and should be better.

There are a number of impediments which complicate further investment and commercial activities. New areas for increased cooperation have been identified as science and research cooperation, environmental protection, energy, the fight against terrorism and international crime. In short our relations should become more political as well in the perspective of a ‘strategic dialogue’, which we established last year through high-level political consultations. We are equally working to improve our business environments through our two-way EU-Japan Regulatory Reform Dialogue.

The situation in Asia today is very different to the one we saw after the Second World War in Europe. And still, for Japan questions today are quite similar: How can political and economic stability be achieved in Asia as well? How can relations with neighbours be improved in order to create some stability and prosperity?

To solve these issues Japan has of course first and foremost to find its own concepts suitable to Asia and Asian societies. However globalisation forces all of us to look ahead and search for ideas and learn from the experiences of others. In this context Europe can certainly be an interesting partner.

To accept cultural differences is for us quite natural. As a matter of fact, the Europeans do not want to become a “melting pot” with one unified culture, one language or one cuisine. We want Europe to enjoy its cultural diversity. Our national characteristics should be reflected within the European integration to the extent possible under a common roof. “United in diversity”—this is our mission statement and we believe this indeed constitutes a new quality in international relations.