

Opening speech for 10th Annual Conference on EU- Japan relations by Secretary

General Jan Grauls, Egmont Palace. 19 November 2007.

Ambassador Kawamura,

Excellencies, Ladies and Gentlemen.

Let me first welcome all the participants to this 10th Annual Conference on EU-Japan relations. I am honoured to extend some opening remarks on behalf of the Minister of Foreign Affairs, Mr De Gucht, who is unfortunately not able to be with us today. He sends to you all and especially to our Japanese guests, his best regards, attaching great importance to our outstanding and close bilateral relations.

When I was asked to share with you at the opening of this conference some thoughts on Japan-EU relations, the recent visit of the Japanese Prime Minister Abe to Belgium and to the EU in January 2007 came immediately to my mind. When the Prime Minister was here, in this very Egmont Palace, he underlined the fact that he was travelling first to Europe before going to Washington, in his capacity of incoming Prime Minister of Japan.

Having in mind the importance of the strategic Japanese-US alliance, this signal could not be misunderstood. It was a clear political message that Japan wanted to expand and reinforce its cooperation with Europe. This message was repeated during the last EU-Japan summit in Berlin in June of this year, which was a very positive meeting indeed opening new perspectives for increased cooperation in fields like climate change, innovation policies as well as in energy.

Looking at these two successful meetings, one could argue that a conference like this, reflecting on the state of the EU-Japan relationship, is not necessary.

My feeling is, on the contrary, that this conference is not only useful: it is also very timely.

The EU- Japan relations are the most intense and sophisticated between Europe and Asia and can not as such remain untouched by the fact that Asia as a continent is changing very fast, some say too fast! The emerging regional architecture in Asia with new global players, like China and India, as well as the overall economic development in the region is creating a completely new situation for Japan and for the European Union.

Japan will have to re-define its place and role in a modern Asia with a new balance of power. It means also challenges and opportunities to Europe, which is forced to focus its political and economical attention to these new global and regional players and huge emerging markets. ,

A country like China, by successfully attracting massive foreign investment in its huge potential internal market, is influencing the approach of many foreign and European companies to Asia as a whole. Several major countries in Asia are becoming more important partners for the European Union. New Partnerships and new Free Trade Agreements are being

envisaged or negotiated with these Asian partners. They will definitely change the future environment of the region and also have their effects on the Japan-Europe relations.

Not only are Asia and Japan confronted with a new environment, the EU is also changing. After the introduction of a common currency and the integration of new members, we will finally sign the new European treaty on December 13th in Lisbon. It is not exactly the treaty Belgium would have chosen, but it remains nevertheless a real progress in many respects.

Our common foreign and security policy will enter into a new stage. Opinion polls in the EU have shown consistently that it is in foreign policy and the external action that most Europeans want to see more cooperation, coherence, visibility and joint action. The European Union is setting up an extended "menu" of capabilities and procedures to respond quickly to the new challenges. The EU is now active in an increasing number of policy-making issues, in the implementation of peace agreements, in training police forces, and in assisting the UN when and where necessary.

In terms of foreign policy we do have a lot in common with Japan. We share similar views and approaches in most dossiers of proliferation, terrorism, failed states and regional conflicts. Today we are already working together in the Middle East, the Balkans as well as in Afghanistan. Japan is a generous donor to the reconstruction and rehabilitation of Bosnia-Herzegovina and Kosovo. The European Union recently strongly welcomed Japan's accession to the International Criminal Court, setting an example for the other Asian countries.

Our cooperation can and will be expanded further. We are making efforts to increase our cooperation in Africa, a continent to which Belgium, for historical reasons, is attaching great importance. There we will also have to take into account the active presence of other Asian countries like China. Security nowadays is a global issue. I see in your program that the relationship of Japan with NATO will be discussed. I'm convinced indeed that an exchange of views in this field is more than appropriate. I also remember very well Premier Abe's remarks in Brussels in respect to the EU arms embargo on China, a question that was also raised during the summit in Berlin.

Many say that Japan is, without any doubt, our closest partner in the region in terms of shared values like freedom, democracy, the rule of law and the protection of human rights and minorities. I completely agree with this view and am convinced that it will facilitate our cooperation in many new political arenas. These issues will gain more and more importance and prevail more often over the economic and financial interests, which have dominated our relations in the past.

There are other reasons for Japan and Europe to expand their cooperation. Although geographically and culturally very distant and different, our industrial societies are facing a number of similar challenges, including lower economic growth, the need for a job strategy, an ageing population, the necessity of permanent innovation policies and as well as many other issues. Besides, it is already one of the objectives of our common Action Plan, which wants us to cope with global and societal challenges. We should work together on these important issues and the academic world has an important role to play in this respect. A lot of forums for EU - Japan dialogues already exist to support these discussions, such as the EU - Japan Business dialogue, a private sector initiative supported by the EU to strengthen the links between European and Japanese businesses.

Looking at the institutional framework of the EU- Japan relations, they look rather simple: On the one hand we have the **Joint Declaration of 1991**, which provides for many high level meetings, including an annual summit at the level of heads of government. The joint declaration also brought a much broader scope to relations which were up to then mainly centred on economics. On the other hand there is the **Action Plan agreed during the Belgian EU presidency of 2001**, which provides for concrete actions in a number of fields, together with a declaration on combating terrorism.

Both instruments are at this moment the basis for our actions and relationship. One could ask whether they are, on a longer run, strong enough to secure an expanded strategic partnership. The Action Plan was in any case from the beginning conceived as an instrument for a ten-year period.

I also regularly hear rumours suggesting that some objectives of the action plan, for instance the high level trade dialogue, which includes the Regulatory reform dialogue, have not yet reached the expected goals. The cooperation in the financial services regulations is also not yet up to our expectations.

This very week, the European Business Council in Japan will present its annual report on the Japanese business environment, "*Economic integration: A New approach to Reform.*" As the title suggests, this year's report presents not only the developments over the past year and recommendations for future economic reforms, but also closely examines how an EU-Japan **Economic Integration Agreement** (EIA) could strengthen the trade and investment relationship between Japan and the EU, and improve the business environment.

While notable progress on the part of the Government has been achieved, Japan's new leadership must address significant issues and critical economic reforms. In the past year, Prime Minister Abe pledged to continue the structural reforms of his predecessor and oversaw the expansion of Japan's longest economic recovery since the postwar period. A renewed commitment was made to enhancing the position of Japan as a global financial centre and Prime Minister Fukuda has embraced this reform agenda. However, the political situation has caused a stalemate in the implementation of reforms. Japan has the lowest levels of import penetration, stock of inward FDI relative to GDP, and foreign workers among all OECD countries. Crucial reforms remain sometimes frustrated by inadequate coordination, mounting bureaucracy and vested interests in the administration and industry. The progress and results of wide ranging regulatory reforms over the years are not encouraging enough.

We will also need to increase our cooperation in the more recent, but ever more important challenges to all of us. Climate change is one of them and we look forward to the Japan - EU Symposium on climate change which will take place in Ljubljana in January 2008. The field of development cooperation is another urgent issue, with the planned visit of EU Commissioner Michel to Tokyo. The European Union and Japan could for instance do more for the development of small businesses in Africa. Both parties could also work together in improving security in this continent as this remains a pre-condition for development. Energy is the third priority in the EU- Japan relations, as energy security is essential for sustainable economic growth.

Excellencies, ladies and gentlemen,

These few general comments and remarks do illustrate how large the cooperation between the European Union is, can or should be, depending on your ambitions. Belgium has, for her part, always had close and good relations with Japan and is therefore happy to host in this Egmont palace a conference, which aims at further developing and enhancing the relations between the European Union and Japan.

I wish you fruitful exchanges during these two days and will be with you tomorrow to draw conclusions which will be, I am sure, at the level of our expectations and ambitions.

Thank you.