



PRESS RELEASE  
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## **Economic Integration: the new reform paradigm**

### **The EBC Report on the Japanese Business Environment 2008**

November 26, 2008 – The European Business Council in Japan (EBC) today released its annual report on the Japanese business environment, entitled “Economic Integration: the new reform paradigm”.

The EBC report argues that the current global economic crisis has exposed fundamental weaknesses in Japan's economic development model, a hangover from the post-war era that depends on central government planning and export-led expansion. Under this model, outdated regulation, unnecessary bureaucracy and vested interests continue to stifle innovation, preventing the development of new business models and limiting the growth of new companies. The Japanese Government has not been able to deal effectively with these issues, leaving the country vulnerable to economic crisis and recession. On top of this, Japan faces the challenge of an ageing population, combined with a declining birthrate and shrinking labour force, which threatens to overwhelm its pension and healthcare systems. So while the current global crisis calls for strong economic leadership, Japan is increasingly confining itself to the position of mere follower. The EBC believes Japan has reached a crossroads: major decisions need to be made about its economic direction, and there is little time to take them.

The EBC report urges the Government of Japan to make greater integration into international systems the guiding principle for a new economic approach that would kick-start Japan's growth and competitiveness. The report reinforces the case for a comprehensive EU-Japan Economic Integration Agreement (EIA), first suggested by the EBC in 2007, that would eliminate all barriers to trade between Japan and the European Union, enable them to learn from each other and build on each other's strengths. It highlights how mutual recognition of product standards, mutually accepted principles for the service industry, and common competition, procurement, IPR, and environmental rules would likely not only boost EU-Japan trade and investment but also set the stage for future multilateral trade agreements.

EBC Chairman, Richard Collasse, stressed that *“Japan can no longer export its way out of crisis. It needs to change the way it regulates and manages its economy. Its approach is too slow, too bureaucratic and too isolationist to fit with the globalised economy from which it seeks to profit. This is not a call for Japan to relinquish control, but to fully engage in global systems, adopt international standards, and abandon barriers to trade. There is no time to waste. The people of Japan deserve immediate and rigorous economic reform.”*

The EBC report 2008 consists of 32 chapters, each written by expert committees, assessing recent regulatory developments in their industry sector and making concrete recommendations for further reform, as well as analysing prospects for economic integration with Europe.

#### **About the EBC:**

The European Business Council in Japan (EBC) is the trade policy arm of the 18 European national chambers of commerce and business associations in Japan. Established in 1972, the EBC works to improve the trade and investment environment for European companies in Japan. The EBC currently represents more than 3,000 local European companies and individuals who are members of their national chambers of commerce. Approximately 350 of these companies participate directly in the EBC's 32 sector-based committees.

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