

**EUROPE AND JAPAN: EMBRACING A MULTIDIMENSIONAL
PARTNERSHIP FOR THE FUTURE:
RELATIONS BETWEEN EUROPE AND JAPAN**

Patrik Ström¹ and Maaja Vadi²

¹Stockholm School of Economics and ²University of Tartu

Abstract. Over time, Europe and Japan have fostered multifaceted relations across various domains. These encompass trade, investment, security cooperation, sustainability, and education. This article aims to shed light on the enduring ties forged through trade, cultural exchanges, and collaborations across diverse domains within the context of geoeconomics, geopolitics, international relations, and sustainability concerns. By leveraging these established ties, a robust foundation can be laid for enhancing cooperation in multiple sectors in the future. Moreover, these conceptual spheres are interconnected, and it is crucial to facilitate their mutual reinforcement going forward. This dynamic significantly influences EU-Japan relations and their role on the global stage, underscoring the paramount significance of collaboration among likeminded nations.

Keywords: EU, Japan, geoeconomics, geopolitics, international relations, sustainability, green economy

DOI: <https://doi.org/10.3176/tr.2023.3.01>

Received 16 May 2023, accepted 1 June 2023, printed and available online 20 September 2023

1. Introduction

The relationship between Europe and Japan has a long history in several fields. There are historical ties through trade and cultural exchange and many European countries have had close collaboration through visiting scholars in a cross-disciplinary setting. Over the years these relationships have been developed and reinforced through globalization of both trade and cultural and political exchange. Collaboration in research and education has emerged as a robust pillar of cooperation between Europe and Japan. With the development of the EU and the single market, interest has grown from Japanese industry to locate business operations within the market. In recent years, the relationship between the EU and Japan has also been strengthened through the conclusion of both the Economic Partnership Agreement (EPA) and the Strategic Partnership Agreement (SPA) (Berkofsky et al. 2018, Ström et al. 2021, Nakamura et al. 2022).

The global landscape has recently witnessed turbulence in security policies and economic integration. The Russian war in Ukraine has altered the security situation in Europe in a way that has not been seen since the end of World War II and the subsequent Cold War. However, already before the war broke out there were clear signs of the limitations of globalization, where almost no progress within free trade on the multilateral level through the World Trade Organization (WTO) had been accomplished. Instead, the world has seen the growing importance of bilateral trade and investment agreements connecting individual countries or at best free trade areas (Lindberg and Alvstam 2012). With their long-standing relationship, the EU and Japan will be important actors for the foreseeable future, pushing the envelope for stability in an even more complex business and security environment. With both the EU and Japan as important champions of a rules-based world order, the future collaboration between these important economic and political actors will have repercussions on the global scene. Events during the last year has forged the relationship further, and EU and Japan have shown commitment to upholding the world order that is built upon respect for territorial integrity, human rights, and continued facilitation of trade through open and free trade routes (Ström and Nakamura 2021).

It is not only within the field of economic cooperation that the EU and Japan see stronger collaboration through the Economic Partnership Agreement (EPA), but also within areas that traditionally have not been tied to economic integration, such as environmental protection and economic and social sustainability. This development can be seen in relation with the Strategic Partnership Agreement (SPA), where sustainability, connectivity, digitalization and security have crystallized as important areas for future collaboration (EU COM 2021).

The aim of this special issue is to offer a comprehensive overview of the historical, economic, and strategic dimensions of the relationship between Europe and Japan. It aims to shed light on the enduring ties forged through trade, cultural exchanges, and collaborations across diverse domains. By exploring the multifaceted nature of the Europe-Japan relationship, this special issue seeks to emphasize the potential for ongoing collaboration and mutual growth.

The historical ties, nurtured through trade and cultural exchanges, have laid the groundwork for a robust and multidimensional relationship between Europe and Japan. The intensification of globalization has propelled this relationship forward, strengthening economic, cultural, and political interactions. Collaborations in research, education, and industry have further deepened the ties, fostering innovation and mutual growth. With the EU serving as an attractive business destination and the conclusion of crucial agreements, Europe and Japan are poised to continue their journey as strategic partners, driving progress and shaping the global stage together.

2. The conceptual framework and contribution

Against this backdrop, the special issue seeks to further both the conceptual discussion on relations between EU and Japan, but also enhance the interrelatedness to policy development. The articles presented in this issue illuminate the multifaceted nature of the EU-Japan relationship, revealing the broader societal impact of various topics across different levels. The contributions span three key areas of scholarly literature: *Geoeconomics* and *Geopolitics*, *International Relations*, and *Sustainability* and the *Green Economy*. The articles can be placed in relation to the specific area, but more importantly they are interlinked and represents a multi-layered and interdisciplinary approach towards the study of contemporary Japanese studies anchored within debates that will impact the relationship between the EU and Japan for the foreseeable future.

2.1. *Geoeconomics and geopolitics*

Since the world has become entangled in a more complex security policy environment, this has also had more economically driven consequences. Countries are now leveraging geoeconomic tools to pursue both short-term and long-term geopolitical objectives. It is in this light the stronger economic relations between the EU and Japan need to be placed. When the US has focused more on the relationship with China, a possibility for enhancing trade relationships between the EU and Japan has proven important, comprising the second largest trading community (i.e. EU) in the world with the third largest economy (i.e. Japan). Closer ties bring stability and also a stronger position on the world market. This becomes important not only in relation to the direct connection but would weigh in when the EU and Japan are seeking agreements with other partners around the world. This is particularly evident in relation to agreements such as The Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), and Regional Comprehensive Economic Partnership (RCEP). The reason in the underlying complexity of the configuration of global and regional value chains and global and regional production networks (Kano et al. 2020).

The articles by Kettunen and Alvstam together with Gaens both set the scene for how work within geoeconomics and geopolitics have developed and formed. Together, these articles establish a solid foundation for collaboration in this field

while also raising critical questions about the path ahead and the most fruitful directions for future collaboration. Yes, the platform is there, together with the political commitment, but in order to sustain momentum and a favourably position the relationship on the global arena more can be done.

2.2. International relations

The articles by Ingvarsdóttir and Bîrlea are related to the discussion on the new geopolitical setting but are more anchored in the tradition of international relations. Ingvarsdóttir discusses how smaller countries could work together in order to ‘punch above their weight’ in relations with larger partners. Through the example of the Nordic countries, Ingvarsdóttir demonstrates the potential for successful resource pooling by countries with shared strength, interests, and commitment. This serves as an inspiring illustration of how collaboration among nations can yield positive outcomes and maximize their collective capabilities. However, the article shows that this is not always an easy road ahead, to achieve economic or political goals.

In a similar vein, Bîrlea takes on the international relations perspective from the position of a more culturally based approach through the concept of soft power. The concept of soft power is often connected to different cultural phenomena, often expressed through the growth and internationalization of the cultural and creative industries (e.g. Otmazgin 2008). These industries serve as powerful vehicles for expressing and disseminating cultural influence on an international scale. The basis for growth of Japanese soft power within international relations can be traced back to the success of the content industry and console computer game industry in the early 1980s, and the subsequent growth of the game industry through actors such as Nintendo, Sega-Sammy and Sony (Ernkvist and Ström 2018). The growth of this industry has also laid the groundwork for the emergence of iconic characters such as Super Mario and Pokémon, which have achieved global recognition and popularity. In its wake Japan has also seen other parts of the cultural and creative industry rise to international fame through J-pop and the various related special user or Otaku culture and the hype around the concept of Kawai, or cute (Nobuoka 2010). Bîrlea builds on this conceptual frame and relates to how the soft power can be translated and spread through other means than games, music or fan concept clothing.

2.3. Sustainability and the green economy

With the increasing awareness of the dangers associated with climate change, both the EU and Japan have tried to act as vanguards for the transition towards the green economy, where both stakeholders have established goals of achieving carbon neutrality around 2050. The commitments are clear in the Strategic Partnership Agreement (SPA) and have also been articulated in the so-called Green Alliance (EU 2021). With the existing global climate crisis, the challenges for advanced economies such as the EU and Japan are complex and will need political commitment and courage. Addressing these challenges goes beyond simply reducing carbon footprints; it necessitates a long-term shift towards a green economy, where a

growing proportion of economic value is derived from environmentally sustainable processes, minimizing harm to the environment. The transition is also related to the implementation and usage of new technologies and digitalization, and the increasing share of services in traditional industrial processes, known as *servitization* (Kim and Toya 2019). This involves enhancing value, but at the same time making industrial processes more efficient and thus green. These are domains where companies from the EU and Japan have emerged as leaders in their respective industries. Given the centrality of energy generation, distribution, and consumption to overall growth, this sector holds particular significance and attracts special interest. The combination of public policy through the larger overall goals and the knowledge of the private industry can facilitate a more sustainable energy system (Midford and Moe 2021).

A societal development that tries to encapsulate many of these challenges is the push towards Smart Cities or Society 5.0, as it is known in the EU and Japan respectively (Barrett et al. 2021, Caragliu et al. 2011). In societies with increasing urbanization and a demand for more value-added industrial processes and services, new forms of urban agglomerations are needed. This is the topic for articles by Sanada and Zappa. Not only do they seek to contribute to the development of these urban formations from the policy and technological viewpoint, but they also seek to discuss some of the underlying sociological considerations of how these new strategies are reviewed and developed at the intersection of the public governance, and the private sector. Both articles show the conceptual complexity that exists using and developing these concepts, and how different actors can contribute in this transition towards Smart Cities or a Society 5.0, through enhancing the energy sector, mobility and finally sustainable economic growth.

3. Conclusion

The relationship between the EU and Japan has a strong foundation. This is a vital aspect for the ability to collaborate and take on future challenges. The composition of articles in this special issue elaborates on three main areas that will have bearing on both how the relation between the EU and Japan will develop, but at the same time, how collaboration on the global area will take place based on a common understanding of economic, environmental and security issues.

This special issue provides a thorough and illuminating analysis of the relationship between the EU and Japan, emphasizing its significance in shaping future collaboration between these two influential entities. By delving into the economic, environmental, and security aspects, the articles contribute to a wider comprehension of the challenges and opportunities that lie ahead, paving the way for strengthened cooperation and mutual growth in an increasingly interconnected world. With an interdisciplinary approach, the articles offer a deeper insight into the economic, environmental, and security challenges that influence the EU-Japan relationship and their impact on the global stage.

Acknowledgements

The authors thank the Asian Centre of the University of Tartu for the comprehensive support. Our sincere gratitude goes to Ene Teemäe for her thorough and dedicated work in organizing the materials. Maaja Vadi acknowledges the support of the research project PRG791 of the Estonian Research Council. Patrik Ström would like to thank the Scandinavia-Japan Sasakawa Foundation for their support.

Addresses:

Patrik Ström

The European Institute of Japanese Studies
Stockholm School of Economics
Saltmätargatan 19C, Box 6501
SE-113 83 Stockholm, Sweden

E-mail: patrik.strom@hhs.se

Tel.: +46 8 736 9323

Maaja Vadi

School of Economics and Business Administration
University of Tartu
Narva mnt 18
51009 Tartu, Estonia

E-mail: maaja.vadi@ut.ee

References

- Barrett, B. F., A. DeWit, and M. Yarime (2021) “Japanese smart cities and communities: Integrating technological and institutional innovation for Society 5.0”. In Hyung Min Kim, Soheil Sabri and Anthony Kent, eds. *Smart cities for technological and social innovation: case studies, current trends, and future steps*, 73–94. London: Academic Press. DOI: <https://doi.org/10.1016/B978-0-12-818886-6.00005-8>
- Berkofsky, A., C. W. Hughes, P. Midford, and M. Söderberg (2018) *The EU-Japan partnership in the shadow of China*. New York: Routledge.
- Caragliu, A., C. Del Bo, and P. Nijkamp (2011) “Smart cities in Europe”. *Journal of Urban Technology* 18, 2, 65–82.
- Ernkvist, M. and P. Ström (2018) “Differentiation in digital creative industry cluster dynamics: the growth and decline of the Japanese video game software industry”. *Geografiska Annaler: Series B, Human Geography* 100, 3, 263–286.
- EU (2021) *Towards a green alliance, European Council*. Available online at <<https://www.consilium.europa.eu/media/49932/eu-japan-green-alliance-may-2021.pdf>>. Accessed on 03.05.2023.
- EU COM (2018) *EU-Japan strategic partnership agreement*. Available online at <<https://eur-lex.europa.eu/EN/legal-content/summary/eu-japan-strategic-partnership-agreement.html>>. Accessed on 03.05.2023.

- Hanzawa, S. and D. Yamamoto (2017) “Recasting the agglomeration benefits for innovation in a hits-based cultural industry: evidence from the Japanese console videogame industry”. *Geografiska Annaler: Series B, Human Geography* 99, 1, 59–78.
- Kano, L., E. W. Tsang, and H. W. C. Yeung (2020) “Global value chains: a review of the multi-disciplinary literature”. *Journal of international business studies* 51, 577–622.
- Kim, S. and K. Toya (2019) “Leadership style required for the transition to servitization in Japan”. *Journal of Manufacturing Technology Management* 30, 2, 335–352.
- Lindberg, L. and C. G. Alvstam (2012) “The ambiguous role of the WTO in times of stalled multilateral negotiations and proliferating FTAs in East Asia”. *International Negotiation* 17, 1, 163–187.
- Midford, P. and E. Moe, eds. (2021) *New challenges and solutions for renewable energy: Japan, East Asia and Northern Europe*. Cham: Springer Nature.
- Nakamura, H. R. and P. Ström (2021) *The EU-Japan EPA – taking stock and looking ahead*. EUI Policy Brief. Robert Schuman Centre. Available online at <<https://cadmus.eui.eu/bitstream/handle/1814/72343/QM-AX-21-040-EN-N.pdf?sequence=1>>. Accessed on 03.05.2023.
- Nakamura, H. R., P. Ström, and C. G. Alvstam (2022) “Japanese economic engagement with the EU: geopolitics meets business”. *Journal of Applied Business and Economics* 24, 2. DOI: <https://doi.org/10.33423/jabe.v24i2.5098>
- Nobuoka, J. (2010) “User innovation and creative consumption in Japanese culture industries: the case of Akihabara, Tokyo”. *Geografiska Annaler: Series B, Human Geography* 92, 3, 205–218.
- Otmazgin, N. K. (2008) “Contesting soft power: Japanese popular culture in East and Southeast Asia”. *International Relations of the Asia-Pacific* 8, 1, 73–101.
- Ström, P., M. Söderberg, and Å. Malmström-Rognes (2021) “The EU-Japan strategic partnership agreement: a tool to tackle the COVID-19 crisis and other global issues?” In T. Fang and J. Hassler, eds. *Globalization, political economy, business and society in pandemic times*, 237–249. (International Business and Management, 36). Bingley: Emerald Publishing Limited. DOI: <https://doi.org/10.1108/S1876-066X20220000036020>