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Japanese Firms in the EU: Enduring national
business culture in the age of Europeanization
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Abstract This paper, in pursuing the development of Japanese lobbying, explores the Europeanization/harmonization of business-government relationship at the EU level, and assesses how Japanese firms have adapted to the constantly evolving EU lobbying system. Based on thirty interviews with firms, business associations, and EU institutions, we provide an empirical investigation of interaction between traditional Japanese lobbying practices and the EU institutional environment in forming firms’ preferences for particular lobbying strategies in the automobile and electronics sectors. In recognizing the persistence of national business culture among the firms’ political behaviours, a key objective is to highlight the variations in Japanese lobbying, with special attention to the firms’ efforts to blend into the EU policymaking process on the one hand and their embeddedness in traditional business culture on the other. This article concludes that Japanese firms have restructured their political behaviours to suit the EU policymaking process; however the degree of such Europeanization of lobbying strategies has significantly varied across sectors and firms due to the ranging influence of several institutional factors.
1. Introduction

There is no doubt that large firms have become integral political actors within the EU policymaking process, affecting the ways agendas and legislation are shaped. Within the complex and multi-level political environment of the EU, where actors and strategies change with issues and time, it has become increasingly important that firms develop sophisticated lobbying strategies and pan-European political identities to maximize their interests. The evolution of European business interests has resulted in the creation of forum-style politics and issue networks, which have harmonized business actions at the EU level. However, at the same time, it should not be forgotten that the degree of firms’ Europeanization still varies according to specific issues and national lobbying traditions.

Japanese foreign direct investments (FDI) into the EC/EU have increased since the mid 1980s and Japanese multinational firms have come to occupy a substantial share of European market in a number of sectors. The Japanese business-government relationship is traditionally so intertwined that there is no clear concept of direct lobbying among firms. Therefore, it is particularly interesting to examine whether and, if so, how Japanese firms, with such a national political background, have restructured their political organization and reacted to this convergence of strategies and professionalization of business interests in the EU.

This paper, based on thirty detailed interviews with firms, business associations and the EU policymakers, provides a new empirical perspective for understanding this unstudied question. In recognizing the persistence of national business culture among the firms’ political behaviour in the EU, it firstly introduces a theoretical framework which allows us to investigate the substantial embeddedness of Japanese firms in national lobbying characteristics within the EU policymaking process. It then presents some hypotheses about this interaction between Japanese business culture and the EU political
environment in forming firms’ preferences for particular lobbying strategies, and explores these propositions in the context of two qualitative case studies in the automobile and electronics sectors.

2. Existing studies on large firms in the EU

As many writers such as Coen (1997, 1998, 2003), Greenwood (1998, 2003), Jordan (2002), Mazey and Richardson (1993), and Richardson (2000) have observed, many European and American firms appear to have established a sophisticated political capacity that allows them to develop new multi-level and ad hoc political alliances to maximize their interests. The development of business interests is significant in that it challenges traditional forms of industrial collective action in Europe. The growing regulatory competencies of the EU have allowed large firms to bypass long established national lobbying channels in influencing European legislations and programmes. The EU policymaking process is highly segmented, with a high degree of specialization geared around the input of professional expertise, over which business interests may have a monopoly. Therefore, the firms which succeed are those that have the flexibility to adapt to the issues and to utilize a wide variety of political channels at multiple levels.

Despite such growing importance of large firms in the study of EU politics, many existing studies of Japanese foreign lobbying take their cases from US politics (Shinda 1989, Choate 1990, Katzenstein and Tsujinaka 1995) and, in an EU context, most studies were done on subjects such as Japanese FDI and business management and EU-Japan trade disputes (Abe 1999, Ando 2005, Jones 2001, Mason 1997). These studies do not primarily focus on Japanese firms’ lobbying preferences for political channels and they do not examine the changing nature of Japanese business lobbies. Most existing studies on Japanese lobbying consider the issues by mainly looking at state-level negotiations.
between the politicians and bureaucrats of Japan and the EU, and pay less attention to the firms’ initiatives and policy preferences. As large firms have become more important actors, Japanese firms’ political activities must be also taken into account as ever more vital determinants of public policy outcomes in a changing EU order.

Many studies on the EU business-government relationship treat large firms as a relatively homogeneous group, increasingly becoming pan-European regardless of their nationality (Cowles 1998, Jordan 2002, McCormick 2001). However, despite the convergence of strategies and business interests in the EU, it is also true that we can still expect some national business-government characteristics to persist in the foreseeable future (Coen 2001: 154). In this context, Japanese firms are unique and different from their European and American rivals in many aspects. Needless to say, they have no member state to champion their concerns in the Council of Ministers and they are not used to direct lobbying due to the traditional Japanese business-government relationship. Examination of Japanese firms’ lobbying strategies provides an interesting insight to the persistence of national characteristics in the face of Europeanization.

3. Foreign Lobbies and Domestic Structures

This paper attempts to consider Japanese lobbying in the EU in the context of transnational relations. In modern political economies, foreign lobbies are the prime example of transnational actors and an important element in the process of internationalization. In other words, Japanese firms’ lobbying approach in the EU can be understood as an extension of their own domestic experiences while the EU environment acts like a filter that refracts their lobbying strategies differently from their domestic patterns.
New institutionalism (Hall 1986, Hall and Taylor 1996, Powell and DiMaggio 1991) is one of the theoretical approaches to incorporate the Japanese business-government relationship with traditional values and social norms, and to analyze the impact of such domestic institutional settings upon Japanese firms’ political behaviour in the EU. This approach also highlights that development of Japanese lobbying has been affected and shaped by a number of political, social, cultural, and economic valuables offered by the EU institutional setting. Similarly, Risse-Kappen (1995) argues that focusing on the differences of domestic structures, which are shaped differently by specific experiences in different countries, permits us to gain analytical leverage to explain various kinds of transnational relations. A foreign firm’s lobbying strategy to influence policies in the various issues areas is mediated and filtered by the hosting environment. The differences in domestic structures which firms encounter abroad induce the transformation and some extent of localization of foreign lobbies in each hosting country.

The major propositions put forward by these concepts is that foreign lobbies are based on their domestic experiences of business-government relationships as well as an adaptation of the host country’s social norms, culture, business tradition, and other institutional settings. Therefore, it is reasonable to claim that foreign lobbies in the EU are a bi-cultural product shaped by both the hosting and original political environments.


Having introduced a framework for considering Japanese lobbying in the context of transnational relations, it is necessary to disaggregate the domestic pattern of the Japanese business-government relationship in which firms in the EU are also expected to
be embedded. It is characterized by three major components: reliance on business associations, extensive use of personalized networks and a strong emphasis on harmony.

**Reliance on business associations:** Firstly, it is necessary to clarify who or what represents Japanese business interests. While business associations are still vital policy channels for European business interests, many large firms have also become independent political actors in the EU (Grant, Mathews, and Newell, 2000). In contrast, due to a long tradition of business activism and the existence of a hierarchically organized business community, Japanese firms show strong tendencies for collective action (Zhao, 1993). The business associations are well connected to each other and with politicians and bureaucrats. It is traditionally the case that an individual is seen as subordinate to the group to which he or she belongs. The effect of such traditional norm is that individual Japanese firms are reluctant to take initiatives and initiate lobbying on their own. Most lobbying is initiated collectively under the initiatives of business associations in Japan. This strong tendency for collective action inevitably leads to a clear lack of desire for direct lobbying among firms in Japan. This domestic pattern of business interest representation is likely to affect the lobbying strategies of Japanese firms in the EU.

**Personalized networks:** The second key characteristic of the Japanese business-government relationship is how firms cultivate and maintain networks with policymakers and other stakeholders. In the EU, firms seek to establish networks with the policymakers and gain political credibility by mainly exchanging insider and technical information (Broscheid and Coen, 2003). In Japan, informal networks are some of the most effective mechanisms by which to coordinate different interests and to achieve consensus among
political elites. Given the centralized powerful bureaucracy and a long tradition that heavily values social harmony and cooperation, informal networks give firms broader options, provide more flexibility for bargaining and compromise and reduce the risk of offending the domestic or international actors involved (Katzenstein and Tsujinaka, 1995). Such networking is based on informal and personalized means, such as fine-dining and offers of prestigious positions in the private sector to retired bureaucrats (amakudari). Some degree of informal networking between firms and policymakers is prevalent in most countries. However, with regard to their usage, there is a clear difference in degree and scope of intensity between Japan and the EU. The use of personalized/informal networks for political influence and mobilization in Japan is a more visible and frequent activity than in many other industrialized countries.

**Emphasis on harmony:** The third characteristic of the Japanese business-government relationship is the existence of a strong emphasis on harmony among firms and policymakers. In other words, behind-the-scenes consensus building (nemawashi) is always necessary in Japan. The individual is seen as potentially disruptive of a highly prized concept, harmony. Taking risks and initiatives, being assertive and inventive: these tend not to be actions that are rewarded within Japanese society (Zhao, 1993). As a result, the Japanese business-government relationship is extremely consensual rather than adversarial. Contacts and mutual trusts can be established for all negotiation parties through some personalized/informal networks that firms utilize, and disputes between firms and policymakers can be solved quietly through compromise. The EU policymaking process is also rather consensual; however, European firms always negotiate hard to minimize any negative impacts before reaching a decision (Pedler, 2002). In contrast, many Japanese firms are rather eager to accept the policy guidance
provided by politicians and bureaucrats at the negotiation table to avoid open confrontation.

**Figure 1. Interactions between Japanese and the EU domestic structures**

Finally, on the basis of the discussion so far regarding foreign lobbies and hosting environment, we offer three main hypotheses with which to begin our investigation in the following case studies.
Hypothesis 1. Japanese firms have restructured their lobbying strategies to suit the EU policymaking process, however they still retain some degree of the national characteristics in three major components of business-government relationship.

Sub-Hypothesis 1.1. Japanese firms in the EU prefer to lobby collectively and be directed by business associations. They have little incentive to conduct their own lobbying.

Sub-Hypothesis 1.2. Japanese firms in the EU are likely to use personalized and informal means in order to cultivate and maintain networks with EU policymakers and other stakeholders.

Sub-Hypothesis 1.3. Japanese firms in the EU are likely to avoid open-confrontation with the EU policymakers through mutual compromises and consensus, and are reluctant to challenge the existing EU regulatory frameworks.

Hypothesis 2. The Europeanization of Japanese lobbying is not a uniform process and there is variation across sectors and firms.

Hypothesis 3. EU, sectoral, and corporate factors influence Japanese firms’ incentives to transform their lobbying strategies.

4. Methodology

In order to test the hypotheses, this paper offers two case studies in the automobile and electronics sectors: the End of Life Vehicle (ELV) Directive of 2000, and the Waste Electronics and Electrical Equipment (WEEE) and Restrictions of the use of certain Hazardous Substances (RoHS) Directives of 2003. The automobile and
electronics sectors are the two most internationally oriented sectors of Japanese industry. The firms selected for case studies include Toyota, Nissan, Honda, Panasonic, Canon and NEC. Both Japanese automobile and electronics firms are well established and have become some of the main commercial actors in the EU in terms of their sales, capital, R&D investment, employment and global reach. Both the ELV directive and WEEE and RoHS directives were part of sequence of environmental legislation coming from the EU and adhering to the general guidelines of “waste minimization” and “polluters pay”. Therefore, examination of these similar policymaking processes is especially interesting because it highlights Japanese firms’ fixed, adaptable, and creatable lobbying strategies which are common to both sectors as well as drawing a clear comparison between them. Besides, these cases are recent enough for contemporary relevance and yet sufficiently in the past to allow the marginally greater reflection without falling into the trap of providing over-speculative interpretations of current events.

Figure 4.1. European Automobile Market (the EU, Switzerland, Norway, and Iceland) 2002
Table 4.2. The world’s top fifteen electronics hardware and equipment companies (2004)

<table>
<thead>
<tr>
<th>Ranking</th>
<th>Company</th>
<th>Country</th>
<th>Sales ($ billion)</th>
<th>Profits ($ billion)</th>
<th>Assets ($ billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>IBM</td>
<td>USA</td>
<td>96.29</td>
<td>8.43</td>
<td>109.18</td>
</tr>
<tr>
<td>2</td>
<td>Hewlett-Packard</td>
<td>USA</td>
<td>81.85</td>
<td>3.50</td>
<td>75.14</td>
</tr>
<tr>
<td>3</td>
<td>Nokia</td>
<td>Finland</td>
<td>39.71</td>
<td>4.35</td>
<td>29.91</td>
</tr>
<tr>
<td>4</td>
<td>Cisco Systems</td>
<td>USA</td>
<td>23.58</td>
<td>5.39</td>
<td>33.83</td>
</tr>
<tr>
<td>5</td>
<td>Sony</td>
<td>Japan</td>
<td>71.82</td>
<td>0.85</td>
<td>85.14</td>
</tr>
<tr>
<td>6</td>
<td>Dell</td>
<td>USA</td>
<td>49.21</td>
<td>3.04</td>
<td>23.22</td>
</tr>
<tr>
<td>7</td>
<td>Motorola</td>
<td>USA</td>
<td>31.32</td>
<td>1.54</td>
<td>30.71</td>
</tr>
<tr>
<td>8</td>
<td>LM Ericsson</td>
<td>Sweden</td>
<td>19.86</td>
<td>2.80</td>
<td>24.26</td>
</tr>
<tr>
<td>9</td>
<td>Matsushita</td>
<td>Japan</td>
<td>71.66</td>
<td>0.40</td>
<td>67.54</td>
</tr>
<tr>
<td>10</td>
<td>Fujitsu</td>
<td>Japan</td>
<td>45.67</td>
<td>0.48</td>
<td>36.17</td>
</tr>
<tr>
<td>11</td>
<td>Sharp</td>
<td>Japan</td>
<td>21.62</td>
<td>0.58</td>
<td>20.31</td>
</tr>
<tr>
<td>12</td>
<td>NEC</td>
<td>Japan</td>
<td>47.01</td>
<td>0.39</td>
<td>34.78</td>
</tr>
<tr>
<td>13</td>
<td>Toshiba</td>
<td>Japan</td>
<td>53.45</td>
<td>0.28</td>
<td>39.15</td>
</tr>
<tr>
<td>14</td>
<td>Alcatel</td>
<td>France</td>
<td>16.64</td>
<td>0.38</td>
<td>25.83</td>
</tr>
<tr>
<td>15</td>
<td>Lucent Technologies</td>
<td>USA</td>
<td>9.12</td>
<td>1.84</td>
<td>16.69</td>
</tr>
</tbody>
</table>

(Source: www.forbes.com)

The following case studies are mainly based on thirty detailed interviews with major stakeholders, including Japanese firms, Japanese business organizations, the Ministries, EU institutions and rival European/American firms and organizations. An econometric approach has the advantage of a large sample size but it is often unable to treat non-quantifiable determinants of business lobbying in the EU. A survey approach can theoretically treat a relatively large number of samples and incorporate non-quantifiable factors. However, such an approach generally confronts poor response rates and diplomatic responses, often leading to both a much smaller and unrepresentative sample. A case study approach based on interviews, questionnaires, and secondary materials is more likely to highlight the political, social and cultural dimensions of Japanese lobbying.

In this sense, this paper is rather empirical rather than theoretical. Our aim is to advance the understanding of Japanese firms’ political capacities in the EU by connecting transnational perspectives with an explicit actor-level foundation. In other words, the
deliberately micro nature of this research inevitably results in the exclusion of, or at least
cursory attention devoted to other important issues, themes and actors. For example, there
are Japanese multinational firms in other sectors, such as banking, insurance, and
chemical, who are also at the vortex of interaction between Europeanization and domestic
structures. However, our prime intention to use a descriptive analysis has, out of
necessity, excluded other firms and sectors from the research.

5. Automobile Firms and the ELV Directive

There are now nine Japanese automobile firms in the EU (Toyota, Nissan, Honda,
Mitsubishi, Suzuki, Daihatsu, Isuzu, Subaru, and Mazda), counting for approximately
11% of the European automobile market. \(^1\) In a lobbying context, the European
Automobile Manufacturers Association (ACEA) is the most powerful automobile
business lobby, representing the interests of thirteen EU-based automobile manufacturers
and also includes two major American firms, Ford and General Motors. However, ACEA
does not include any Japanese automobile firms. Thus, they are forced to continue as a
separate lobby, either individually or through the Japan Automobile Manufactures
Association (JAMA).

The ELV directive (2000/53/EC) came into force on 21 October 2000. It aims to
make vehicle dismantling more environment friendly and sets clear quantified targets for
reuse, recycling and recovery of vehicles and their components; encouraging producers to
manufacturer new automobile products with a view to their recyclablity.

5.1. Who represented automobile interests?

Generally speaking, JAMA collectively represented Japanese automobile interests
for most of the ELV issues. Along with such collective lobbying, only two Japanese
automobile firms, Toyota and Honda began to seek their own ways of interest representation in order to break through the ACEA-dominated automobile sector and enhance their political presence within the policymaking process. The interview with Toyota revealed that it did not want to be seen as Japanese in Europe, and aimed to become an independent political actor without relying on Japanese channels since this seemed the only way to become a policy insider in the EU. In addition, Toyota has applied for ACEA membership several times in the past, however it has not yet been accepted. Honda is also another interesting case. It has maintained a lobbying division for over fifteen years in Belgium, staffed by mostly Europeans and actively monitors the EU policymaking process. With its experience in Europe, Honda often acts as a spokesperson for JAMA on environmental issues. Honda claims that, if necessary, it has enough resources to conduct effective lobbying without relying on JAMA. Apart from these two, Japanese firms did not actively take part in direct lobbying, and heavily relied on JAMA for their interest representation with the ELV issues. However they were also in partnership with European and American firms in many aspects of their business. Therefore, they could feed their views to some extent through their partners at the EU level. These cases include the close cooperation between Nissan and Renault, and Mazda and Ford.

In terms of ELV interest representation, there was a heavy reliance on JAMA among Japanese firms and many of them had little incentive to develop their own lobbying campaigns, despite their high profiles in the EU. Although Toyota, in particular, tried to advance localization of their interest representation and become an independent actor independently of JAMA, they were not significantly successful.
5.2. How did automobile lobbies cultivate networks with other stakeholders?

Japanese automobile firms did not try to personalize their networks with the EU policymakers by making political donations or any financial means from the early stage of their settlement in the EU. Although some Japanese automobile firms, such as Nissan, had employed several ex-EU officials as their lobbyists in the past in order to facilitate their access to the policymakers, this European type of amakudari was not significantly effective either (Joos and Woldenberger 2005: 119). This is because the EU institutional setting and personnel has been constantly changing and so it is very difficult to build lasting informal networks with particular EU officials. Instead, Japanese automobile firms and JAMA spend a lot of effort on creating a favourable political condition for themselves in the EU. For example, it hosts a big annual reception in Brussels, inviting the representatives from the automotive industry, the EU institutions, the media and many other business actors. This reception provides a great opportunity for industry, decision-makers, and stakeholders to come together to informally exchange views. JAMA takes advantage of these occasions to exchange information with the Commission, identify the potential problems and look for compromises.⁴ In this sense, some levels of informal networking are present, however they are not the defining feature of their lobbying.

Instead, JAMA and Japanese firms have recognized that technical information is an asset in influencing the EU policymakers. For the ELV issues, JAMA submitted a number of position papers and expressed their main concerns during the consultation period. It also maintained a close link with ACEA, frequently exchanging and sharing their information on the ELV issues. Given the size of Japanese automobile FDI in Europe, the presence of JAMA and Japanese firms could not be ignored. The Commission invited JAMA, along with ACEA, to many important workshops and meetings. However, JAMA did not have enough resources to initiate lobbying at the
Overall, JAMA and Japanese firms managed to establish some networks with the Commission by utilizing their expertise; however these networks were not as strong as the ones between ACEA and the Commission.

5.3. How did automobile lobbies negotiate with the EU policymakers?

As for the behind-the-scenes consensus building activity (nemawashi) which is prevalent in Japan, this kind of working style was clearly present among Japanese automobile firms in the EU. One of JAMA’s officials argued that if they had to summarize Japanese automobile lobbying against the ELV directive in one word, it would have to be “consensus”. Every decision regarding its ELV lobbying strategy was made by consensus. Avoiding confrontation between member firms has always been an important work ethic in JAMA European office. In an ELV context, there was no major internal conflict among Japanese automobile firms; therefore, it was fairly straightforward to come up with a common lobbying strategy. Besides, this working style was used not only internally among Japanese firms but also externally with ACEA as well. JAMA always consulted with ACEA before making any action regarding the ELV directive, although this kind of information sharing could also be found among European firms as well.

The approaches of JAMA and the Japanese automobile firms were very polite and non-confrontational, compared with their European and American rivals. In order to not frustrate ACEA, they deliberately chose to conduct their lobbying campaigns in a subtle and calm manner, despite knowing that it may have been difficult for these quiet lobbying campaigns to make a significant impact on the ELV directive. At the same time, it almost seems that Japanese firms were reconciled to their semi-outsider position in the European market. One of JAMA’s officials commented that the European automobile
lobbying scene for the ELV directive was dominated by ACEA and that Japanese automobile firms just followed ACEA, knowing that they could not make much difference. In addition, one remarkable characteristic of Japanese firms is their eagerness to comply with most regulations and standards set by the EU. Instead of trying to change the regulatory framework to suit their interests, Japanese firms often manage to develop their technology and solve problems internally in order to comply with EU policies.

6. Electronics Firms and the WEEE/RoHS Directives

The electronics industry is similar to the automobile industry in that it is one of the most internationally-oriented sectors of Japanese industry. Japanese electronics firms such as Canon, Fujitsu, NEC and Panasonic have set up a wide range of marketing, sales and distribution operations and enjoy high profiles in Europe.

The WEEE and RoHS directives (2002/96/EC and 2002/95/EC) were developed in parallel and came into force in February 2003. The WEEE directive aims to prevent the generation of electrical and electronic waste and to promote reuse, recycling and other forms of recovery in order to reduce the quantity of such waste to be eliminated. The RoHS directive is designed to approximate the laws of the EU member states on restricting the use of hazardous substances in electrical and electronic equipment in order to contribute to the recovery and elimination of equipment waste. The WEEE/RoHS policymaking process was one of the first cases in which Japanese firms managed to curve out their interests on equal terms with other European and American rivals.

6.1. Who represented electronics interests?

Most Japanese firms belong to the biggest European electronics association, the European Information, Communications and Consumer Electronics Technology
Associations (EICTA). In this way, they can forward their interests as a part of European industrial consensus views, which are always taken seriously by the Commission. However, EICTA is essentially driven by European business interests and Japanese firms are often treated as outsiders within the organization. Therefore, for the WEEE and RoHS issues, although some Japanese electronics firms initially preferred to lobby through EICTA, many became more aware of the constraints within its organization and began to seek an alternative way to represent Japanese interests.

Thus, the JBCE was established in 1998 by some leading electronics firms to especially deal with the WEEE and RoHS problems, and it was the first Japanese organization entirely focusing on lobbying in the EU. The significant feature of the JBCE is its decision-making mechanism. For the WEEE and RoHS issues, the environmental committee of the JBCE, chaired by NEC, played the leading role in communicating with other stakeholders. At that time, most Japanese firms and business organizations in the EU did not have a decision-making function in Brussels and needed to be directed by their head offices in Tokyo for most important matters. This meant it often took a long time to make a decision, and made it difficult for their European offices to take immediate action. In contrast, the JBCE has its decision-making function in Brussels and therefore its member firms could outsource their lobbying to the JBCE for quicker actions regarding the WEEE and RoHS issues. The significant difference in their lobbying strategies from traditional Japanese lobbying patterns was that Japanese electronics firms were proactive and strategically chose to lobby collectively in order to represent their interests at the EU level.

With the successful establishment of the JBCE, the amount of direct lobbying initiated by individual Japanese electronics firms was limited. The only exception was Sony. Regarding the separate collection of electrical wastes, there were several different
views in the industry against the original proposal, and an ad hoc transnational coalition of firms was created to focus on this specific issue. The JBCE supported the Commission’s original proposal; however one of its members, Sony, joined this ad hoc coalition in order to seek an alternative lobbying channel to promote its own views. However, such individual lobbying was still very rare.

6.2. How did electronics lobbies cultivate networks with other stakeholders?

Similar to the automobile firms, Japanese electronics firms did not try to personalize their networks with the EU policymakers by making political donations or any financial means from the early stage of their settlement in the EU. Besides, it is also reported that even though several Japanese electronics firms, such as Fujitsu and Sony, had employed several ex-Commission officials as their lobbyists in the past in order to facilitate their access to the EU policymakers, this EU style amakudari was also not significantly effective within the EU policymaking process (Joos and Waldenberger 2005: 119).

Instead, they recognized that technical information is an asset in influencing the EU policymakers. The JBCE targeted both the Commission and the EP for their lobbying. The JBCE’s presence was well recognized within the Commission, and lobbying campaigns were initiated directly with the MEPs as well. In particular, British MEPs actively courted Japanese interests and supported many amendments proposed by the JBCE at the EP. For some aspects of these directives, the JBCE conducted several joint lobbying campaigns with EICTA and the American Electronics Association (AeA). The issue concerning the treatment of consumables is the prime example of this joint lobbying. These three organizations submitted several joint position papers to the EP and conducted active lobbying campaigns. The AeA commented that Japanese electronics firms learned
the European way of lobbying very quickly and played an important role in leading the European electronics industry in some policy issues. In the case of limited use of lead in the RoHS directive, the AeA asked the JBCE not to object to the exemption of lead in solders for servers, although Japanese firms were technically able to deal with the ban of lead in solders. The JBCE had a “gentleman’s agreement” with the AeA to include the exemption of lead in solders in its lobbying campaigns. Although the JBCE was a relatively new lobbying organization in Brussels, it quickly managed to establish several networks with other stakeholders by utilizing technical expertise developed in Japan. The success of such collective lobbying suggests that the JBCE was able to develop strategic alliances with rival firms to facilitate access to the policymakers on the same terms as other business stakeholders.

6.3. How did electronics lobbies negotiate with the EU policymakers?

The lobbying approach of the JBCE was always very polite, but was certainly not passive at all. Despite the stereotypical image of Japanese firms being non-confrontational, the JBCE managed to tactically negotiate with the EU policymakers and win several favorable amendments. For example, a number of applications of lead, such as lead in the glass of cathode ray tubes, electronic components and fluorescent tubes, were all added to the RoHS directive. Similarly, the JBCE’s proposals regarding original equipment manufacturing (OEM) products were fully adopted by the final directives.

Yet, it was crucial to lobby to minimize the scope of the initial directives, as once these directives were implemented the requirements would only become higher and higher and would set the new standard for the coming directives. In this sense, the AeA pointed out that at the initial stage, many Japanese electronics firms were rather passive and did not understand the importance of proactive lobbying to change the EU regulatory
framework for their long-term business operations. Some Japanese firms admitted that with absence of such proactive lobbying in Japanese business culture, they often complied with the EU political authority without arguing. Japanese firms were very conscious about their corporate image, and thus always tried to avoid giving a negative image to both society and the policymakers. It is claimed that this trend could be also found within European and American firms; however there was a clear difference in the degree of willingness for compliance. They tended to avoid confrontation and comply to the authority as much as they can. In this sense, they showed some of their national characteristics of less aggressive lobbying strategies. However, it is also true that to some extent, Japanese firms strategically stuck to their traditional pattern, as their polite and subtle ways of negotiation were often perceived preferable by the EU policymakers.

7. Analysis of Japanese automobile and electronics firms’ lobbying strategies

There are EU, sectoral, and corporate factors that influence the incentives of Japanese firms to choose and conduct certain types of lobbying. These factors essentially affect the degree of competitiveness of Japanese firms vis-à-vis other firms, and help transform their lobbying strategies. In other words, EU, sectoral and corporate factors are expected to explain the variation between the two sectors and across firms to some extent.

7.1. EU factors

Increasing EU regulatory competencies prompted both Japanese automobile and electronics firms to participate in the policymaking process. The EU institutional setting and personnel have been constantly changing. This has reduced the incentives for Japanese firms to build lasting informal networks with the EU policymakers, and encouraged them to conduct informational lobbying. The Commission and the EP are in
need of technical information, over which business actors can enjoy monopolies, however how much access they grant Japanese firms is a key factor that affects lobbying strategies.

In an automobile context, the EU policymakers clearly preferred ACEA as their most reliable information provider, since it represented a pan-European industry view and Japanese automobile firms were still a secondary information source.\textsuperscript{11} This indicates that overall Japanese automobile firms were still generally perceived as outsiders, failing to establish sound political credibility. JAMA commented that they tried to initiate direct lobbying to the Commission, but often ended up following what ACEA wanted to lobby and had done.\textsuperscript{12} For example, during the negotiation of the exemption of spare parts, the Commission held a consultation meeting with ACEA. However, JAMA was not informed about this and found out the outcome of this meeting at a much later stage. An interview with one of the Commission officials revealed that the opinions of Japanese firms were taken on board, but had less appeal to the Commission than those of ACEA as Japanese firms did not necessarily represent European views. Thus, Japanese automobile firms could not take advantage of their expertise to influence the EU and failed to conduct informational lobbying.

Electronics firms tried to lobby the EP as well as the Commission while automobile firms essentially focused on the Commission. Drafting the WEEE and RoHS directives required a wider range of technical information than the ELV directive. Therefore, the EU policymakers were keen to gain an insight into Japanese firms’ information. Some MEPs even went so far as to actively court the Japanese and encourage them to see the EP as a viable channel for realising policy objectives (Kewley 2002: 199). The establishment of the JBCE was partly due to this high demand for
Japanese information from the EU institutions, so that Japanese electronics firms could exploit policy channels more and on equal terms with their European rivals.

7.2. Sectoral factors

Sectoral settings in the automobile and electronics sectors are also quite different from each other. This can be explored in terms of two factors: power relationships in the sector and the nature of products.

Firstly, the presence of dominant European rivals leaves little room for Japanese firms to blend into the sector on equal terms. For example, the automobile sector has a constant problem of overcapacity; as many as six major manufacturers claim around 10% of the market share, although none of them boasts a decisive lead over the others. Japanese firms’ participation in such a close game among European firms has naturally caused considerable concern and bitterness. In a lobbying context, ACEA dominates the scene and does not include any Japanese firms. The non-confrontational approach to the ELV directive was attributed to the sensitive position of Japanese automobile firms in the European market. Working in line with ACEA was essential and this sensitive power relationship reduced Japanese firms’ incentives to strike any active lobbying campaigns. Toyota, in particular, realized the limited efficacy of JAMA and tried to become a more independent political actor without relying on Japanese channels.

In contrast, in the electronics sector there are only a few large European firms, such as Nokia and Philips, and so Japanese and American firms have occupied a large share of the European market. Therefore, when drafting the WEEE and RoHS directives, the Commission and the EP could not ignore the presence of Japanese firms and appreciated their detailed technical information. Japanese electronics firms, through the JBCE, established sound political credibility and managed to lobby the policymakers on
equal terms with other rivals. With its insider status, the JBCE was able to become more proactive and managed to curve out its interests within the directives. Ironically, since they collectively gained political credibility in the EU, most individual Japanese electronics firms chose to stick to some of their national lobbying patterns such as a strong preference for business association led lobbying campaigns.

Secondly, the nature of the products is another important aspect of sectoral factors in influencing Japanese lobbying. As suggested before, unlike automobiles, electronic products are highly diverse, from small household appliances to large equipment. Therefore, the WEEE and RoHS directives cover a wider range of technical issues than the ELV directive, although they both aim to minimize the waste of products. In an ELV context, ACEA and JAMA were both concerned with similar issues. Therefore, it was difficult for Japanese automobile firms to outweigh ACEA and promote their interests. In contrast, due to the diversity of electronic products, Japanese electronics firms were able to find several policy areas where they enjoyed an informational monopoly over other rival firms, such as the application of lead. This enabled them to establish sound networks with other stakeholders and realize its objectives in the directives.

7.3. Corporate factors

Corporate factors refer to firm-specific variables such as size, technological asset, market share and experience in the European market.

Although the willingness to comply with the authorities still remained strong within Japanese firms in the EU, their technological advantages also explain why Japanese firms were relatively less aggressive to lobby the WEEE and RoHS directives at the negotiation table with the EU policymakers. For example, in the area of separate collection and recycling of the WEEE, Japan had already introduced a similar national
law before the EU, therefore Japanese firms possessed enough technical information to deal with some aspects of the WEEE and RoHS directives.

Similarly, in the automobile sector, Japan has generally stricter environmental standards than the EU in many aspects. Therefore, Japanese firms could manage to meet the EU requirements by utilizing their expertise developed in Japan. For example, regarding the heavy metal ban from the spare parts in the ELV directive, the Japanese government also introduced similar legislation during the same period, and Japanese firms agreed to remove all the banned heavy metals from their products in the Japanese market by 2007. Therefore, when European firms actively lobbied the EU to amend the scope of the heavy metal ban, Japanese firms were not seriously concerned with this issue and could stay non-confrontational at the negotiation table.

Some firms are better resourced and more experienced in the EU. Toyota and Honda have invested a lot of resources in their lobbying divisions, staffed by mainly Europeans, and claim that they could have initiated direct lobbying without relying on JAMA if necessary. Their lobbying divisions are much bigger than the rest of the Japanese automobile firms, and have their own networks with the Commission and the EP. Toyota, in particular, did not want to be recognized as Japanese in the EU, and tried to adopt a fully Europeanized lobbying strategy. Other automobile firms were in partnership with European firms. This reduced the incentives to develop their own lobbying campaigns, since some aspects of their interests were represented by their partners either directly or though ACEA.

In the electronics sector, Sony appeared to adopt a similar strategy to Toyota, by investing a lot of resources in its lobbying division to conduct more independent lobbying campaigns without relying on the JBCE or EICTA. Sony’s active participation in the ad-hoc transnational coalition of firms highlighted its desire to become a pan-European
political actor without a Japanese label, and proved its strategic capacity to mix and match policy channels to feed its views through the EU. However, unlike Toyota, Sony did not have to become extremely Europeanized because of successful JBCE lobbying.

8. Conclusion

To return to our initial hypotheses, we found mixed results for the persistence of national characteristics. The main message is that Japanese firms in both sectors still retain some national lobbying characteristics. JAMA represented Japanese automobile interests and each firm had little incentive to initiate their own lobbying campaigns, although some firms, such as Toyota and Honda, began to develop their own lobbying divisions. The electronics firms strategically formed a lobbying group to feed their views through the EU. However, once the JBCE was established only a few firms became active members and the rest of them outsourced their lobbying campaigns. In this sense, the desire to be a part of the EU policymaking process as an independent political actor was still low among Japanese firms in both sectors. They did not rely on personalized networks to access the policymakers and instead tried to utilize their own technical expertise as an asset. Electronics firms were able to curve out their interests on equal terms as other rivals while automobile firms struggled to establish themselves as core insiders. Their negotiation manners clearly reflected Japanese business culture in both sectors. Their approaches were often non-confrontational and rather passive compared to their European rivals. Yet, the reasons for such approaches were rather different: electronics firms strategically chose a non-confrontational approach to increase their chances of winning favorable amendments while automobile firms could not raise their voices because of the presence of ACEA. Japanese firms’ lobbying strategies were clearly based on their domestic experiences of business-government relationships as well
as an adaptation of the European social norms, business culture, and other institutional settings.

However, such transformation is not a uniform process and there is variation across sectors and firms. What accounts for this variation needs a closer attention. New institutionalism (Hall 1986, Powel and DiMaggio 1991) is one of the theoretical approaches to analyze Japanese lobbying. EU, sectoral, and corporate factors clearly influenced Japanese firms’ incentives to transform their lobbying strategies with different efficacy. In other words, while the EU institutions encouraged Japanese firms in both sectors to become more proactive in the policymaking process, sectoral settings appeared to be the most important factor in influencing the formation of Japanese lobbying in the EU. With the presence of strong European rivals and limited diversity in automobile products, Japanese firms found it difficult to take full advantage of their technical expertise to influence the policymakers. At the same time, Japanese firms’ technical superiority over European firms in some aspects also explained the non-confrontational nature of Japanese lobbying in both sectors. Furthermore, better-resourced firms, such as Toyota and Sony, were more likely to depart from national lobbying patterns and become more independent in the EU.

Our investigation helps us understand the impact of increasing European integration upon non-European business actors in the EU. Recognizing that many large European and American firms have become independent political actors (Coen 1997, 1998; Richardson 2000; Jordan 2002), our analysis indicates that large Japanese firms has also learnt to transform their traditional lobbying pattern to suit the EU policy process. Although the convergence and Europeanization of lobbying practices among large firms have been suggested (Cowels 1998, Jordan 2002, McCormick 2001), we argue that Japanese firms still show some embeddedness in national business-government
characteristics and have not been fully able to establish themselves as political actors. The interesting point is that such transformation of lobbying strategies is not a uniform process and there are variations across sectors and firms due to their surrounding institutional factors.

It should be emphasized that these findings are part of a larger research project currently in progress. This paper seeks to begin to fill the gap between literature on the EU business-government relationship and on Japanese firms’ political behavior. With this paper we hope to provide an empirical basis for future more comprehensive work and to provoke some thought on the interplay between the EU policymaking process and non-EU business interests.

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Notes

1. ACEA statistics (2002)

2. Interview with Toyota, Brussels, 11/10/05

3. Interview with Honda, Brussels, 12/5/06

4. Interviews with JAMA, Brussels, 7/6/04 and 12/10/05

5. Interview with JAMA, Brussels, 12/10/05

6. Interview with JAMA, Brussels, 12/10/05


8. Interviews with the JBCE, Brussels, 6/5/04 and 11/10/05

9. Interview with AeA, Brussels, 12/10/05

10. Interview with AeA, Brussels, 12/10/05

11. Interview with the DG Environment, Brussels, 11/10/05

12. Interview with JAMA, Brussels, 12/10/05
References


