Relations Between Spain and Japan

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Although Spain and Japan are separated by more than 10,000 kilometres, there is considerable affinity between the two countries. People in Japan admire many of Spain’s cultural manifestations, notable amongst which are architecture (especially Catalan Modernism), flamenco, gastronomy and sport (with numerous followers of the Liga de Fútbol Professional – the Spanish Professional Football League). Then again, Spanish people, fully aware of the technological excellence of the big Japanese corporations and the seriousness of their work ethic, have also, in recent years, begun to show interest in such cultural phenomena as the country’s cuisine and Manga.

Nonetheless, economic relations have so far been relatively low-key, especially as far as Spain is concerned since its companies, giving priority to other markets, have tended to overlook Japan. The holding of the Spain-Japan Dual Year is an excellent opportunity to strengthen the bonds between the two countries through cultural, economic and institutional activities and this occasion will doubtlessly constitute a landmark in their bilateral relations.

A Historical Overview

Ties between Spain and Japan go back to the mid-sixteenth century when the Jesuit missionary Francis Xavier, a very popular figure who is known to most Japanese people, embarked upon a major evangelising project in which, towards the end of his life, he founded the first Catholic colony in Japan. In diplomatic terms, the setting up of the Keicho Embassy in Europe saw the beginning of bilateral relations, the fourth centenary of which is to be commemorated in 2013. The mission, headed by the samurai Hasekura Tsunenaga and the monk Luis Sotelo, was received by King Felipe (Philip) III and, although it was unable to achieve its aim of signing a trade agreement, it did play an important part in enabling an exchange of knowledge between the two countries and creating personal ties, which is demonstrated by the fact that in Coria del Río, a municipality of Seville, the surname “Japón” is still common today, as some of the members of the mission settled there and founded families. With very few exceptions, relations between the two countries were subsequently discontinued for two and a half centuries after which, with the Meiji Restoration, they signed the Treaty of Friendship, Trade and Navigation in 1868. Thenceforth, apart from a short interval during the Second World War, diplomatic relations between Spain and Japan have been cordial, with no sign of any kind of political or trade-based conflict.

Furthermore, for several decades now, the excellent relations between the Spanish Royal Family and the Japanese Imperial Family have led to numerous trips in both directions. The Crown Prince of Japan recently visited Spain on the occasion of the opening of the Spain-Japan Dual Year and it is expected that the Prince of Asturias will visit Japan in the first six months of 2014. The two princes are serving as honorary presidents of the Year.

Visits on the political level have been less frequent, although Prime Minister Aznar visited Japan in 1998, Prime Minister Zapatero visited the country in 2010, and the Japanese Prime Minister, Koizumi, visited Spain in 2003. It is expected that the present Prime Minister of Spain, Mariano Rajoy, will be making an official visit to Japan this autumn with the chief aim of strengthening economic relations at a time in which the external sector is of vital importance for Spain’s economic recovery.

Also to be highlighted is the existence of such events as the Spain-Japan Forum, an annual meeting alternately held in Spanish and Japanese cities, with the notable participation of prominent members from civil society and the institutional spheres of both countries who come together to appraise bilateral relations, seek areas of opportunity, detect existing problems and propose possible solutions.

Finally, since its beginnings in 2002, Casa Asia has been engaged in a major endeavour of establishing closer ties between Spain and Japan by means of numerous activities in the economic, cultural, academic and institutional spheres.

Economic Relations

In 1974 a double tax agreement was signed between Spain and Japan in order to regulate taxation on income earned, for example personal or corporate income tax, so that tax paid in one of the two countries can be offset against tax payable in the other, thus avoiding double taxation. Furthermore, in 2008 both countries signed an agreement regulating social security contributions in order to eliminate the problem of dual social security tax liability.
Japanese Business Presence in Spain

In the beginning of the 1970s, some corporations, Sony for example, had started to arrive in Spain as a result of the incipient globalising thrust of Japanese companies at the time. The first factories of Japanese companies (Sanyo and YKK) were opened in Spain at the end of the 1960s and early 1970s.

This presence was consolidated in the 1980s when a considerable number of companies in the consumer electronics and chemical sectors as well as in the car industry were established in Spain, attracted by the prospects for expansion offered by the European market in addition to the competitive labour costs in Spain at the time. Particularly notable is the presence of Japanese companies in Catalonia which, even today, accounts for approximately three quarters of the total in Spain.

Also noteworthy is the presence of some international trading companies engaged in large-scale buying and selling of a wide range of products in several different sectors. These companies have been the pillars of big Japanese business groups called keiretsu, although they now have less influence as attempts are being made to simplify international trade systems by eliminating intermediaries.

In recent years, owing to the impact of the economic crisis, several instances of disinvestment have occurred in the industrial sector although these have been compensated, at least partially, by new investment in sectors like renewable energy. The future of Japanese investment in Spain depends on the intensification of operations in the technological domain and the pursuit of added value in such areas as design and distribution.

Spanish Presence in Japan

Spain established its presence in Japan relatively late, owing to its isolation and the lack of international experience of its companies until the end of the 1970s. In the mid-1970s, the company Chupa-Chups signed a distribution agreement for this Asian market but it was not until the following decade that companies like Lladró and Freixenet began to operate in the market after finding distributors or setting up joint ventures with the aim of offering their products to Japanese consumers.

At present, somewhat fewer than forty Spanish companies have a direct presence in the market, mainly in the Kanto region. Notable among these are establishments from the banking, food and agriculture, fashion, automobile (especially companies dealing in components) and luxury goods sectors.

Given that they are both developed nations, the level of tariff activity in the exchange of goods between the two countries is low. However, it is also true that some Spanish companies have difficulties in exporting their products, either because of the standards and quality certification required or because of existing barriers for certain products from the food and agriculture sector.

Besides the spheres of activity mentioned above, one should highlight the existence of numerous opportunities in several spheres which have not yet been thoroughly exploited. First, collaboration in third countries could be exploited. Spain engages in a wide-range of activities in Latin America, while Japan is significantly present in many Southeast Asian countries. With their complementary strengths in areas such as infrastructure, they could establish partnership agreements in order to carry out joint projects. For example, the knowledge of Spanish banks concerning opportunities and risks in Latin America could be very useful to Japanese companies that are about to enter different countries in the continent. Indeed, a considerable part of the work of Spanish banks established in Japan consists in providing support for Japanese multinationals in this respect.

Second, renewable energies constitute a sector of great interest for both nations. Particularly after the Fukushima nuclear disaster, Japan needs to diversify its energy mix by increasing the share of alternative energies. Cutting-edge Spanish companies in the fields of wind or solar energy should make the most of this opportunity.

Third, under no circumstances should the tourist sector be underestimated. Institutions like Turespaña are engaged in major promotional work and, indeed, more than 300,000 Japanese tourists travel to Spain every year, attracted by the history and cultural offer of Spanish cities (Madrid and Barcelona in particular). However, some barriers such as an absence of direct flights or the still insufficient adaptation of the hotel offer to the requirements of Japanese guests is an impediment to an even greater presence of Japanese tourists in Spain. The benefits of Japanese tourism are obvious, both with respect to the visitors’ considerable acquisitive power and the fact that they arrive at different times of the year, which helps to spread work in the sector throughout the year, an important consideration given the current full occupancy during the summer season.

Finally, although this aspect is difficult to quantify, many Japanese visitors end up playing a role by recommending Spain through their networks and, even in the professional sphere, they are more likely to keep up commercial contact with Spanish companies in their respective domains when they have had positive experiences in a destination like Spain.

Trade Flows between Spain and Japan

The balance of trade between the two countries has traditionally shown a deficit on the Spanish side owing to the greater exporting capacity of Japanese companies and the limited interest of Spanish corporations in the Japanese market. However, while the coverage rate barely reached 40% in 2010, it had risen to 70% by 2012. From the Spanish point of view, this upswing is mainly explained by increased export activity as a result of reduced domestic consumption, which has obliged companies to seek to increase their growth in the external sector. From the Japa-
nese standpoint, the reduction is also due to diminished demand in Spain’s domestic market and because of the strength of the yen during this period.

The change in monetary policy introduced by the new Japanese government headed by Prime Minister Shinzo Abe will, in all likelihood, be reflected in the balance of trade this year since Japanese exports will be more competitive owing to the devaluation of the yen.

The main export consignments from Spain to Japan are pharmaceutical products, fuel, automobiles (in which case, one must note the importance of exports by Japanese companies located in Spain) and products from the agriculture and food sector, for example meat, wines and olive oil. The main Japanese exports to Spain are automobiles (now declining as a result of the economic crisis), machinery and electrical appliances.

| TABLE 1. VOLUME OF TRADE FLOW BETWEEN SPAIN AND JAPAN (Data in millions of euros) |
|---------------------------------|---------|---------|---------|
| 2010               | 2011    | 2012    |
| Spain-Japan        | 1,416   | 1,861   | 2,074   |
| Japan-Spain        | 3,470   | 3,198   | 2,930   |
| Source: Estacom    |         |         |         |

Intercultural and Academic Exchanges

As mentioned at the beginning of this article, there is a mutual fascination between Spain and Japan, and it has grown considerably in recent years. This is the only explanation for data offered by the Cervantes Institute revealing that there are more than 50,000 Japanese people studying flamenco, or the large numbers who admire Gaudí’s architecture. In consequence, the Japan Foundation opened its doors in Madrid in 2010 with the aim of promoting the teaching of Japanese language and culture. Also noteworthy in this regard is the work carried out, for many years now, at the Spanish-Japanese Cultural Centre at the University of Salamanca. Meanwhile, the Cervantes Institute opened its Tokyo headquarters in 2008 with the aim of making Spanish culture and language accessible to the general public.

Spanish people are fascinated by Japan, principally because of the most modern manifestations of the country’s culture, for example videogames, Anime and Manga. The cultural attraction is the main reason why more than 4,000 Spaniards study Japanese. The proliferation of Japanese restaurants throughout Spain is also apparent and, even if there are not so many Spanish restaurants in Japan, it is true that in the big cities like Tokyo the number of tapas bars has risen considerably over the past decade.

This gastronomic affinity is easily explicable if one takes into account that, in both Spain and Japan, food is a very important part of their citizens’ everyday lives. To give one example, a significant wine culture has developed in Japan over the last twenty years, a phenomenon that is not seen in other Asian countries. As a leading wine producer, Spain has much to offer in this regard.

In the academic domain, several points deserve attention. First, is the increase in recent years of the number of exchange students, which must be attributed to the interest shown by many Spanish universities in expanding their offer of Asian studies at both undergraduate and master’s levels. Hence, there are now numerous memoranda of understanding that enable students from both countries to complete part of their studies at universities of the other country, in particular in the case of advanced language training. Nonetheless, exchanges of researchers are not very frequent except in some bilateral projects in fields such as nanotechnology or robotics. This is, therefore, a sphere of considerable potential which, one hopes, will be cultivated in the coming years.

Finally, in the last few years we have also seen growing numbers of Japanese students who come to do master’s degrees in business administration and management at Spanish schools, and with good reason because three of Spain’s best business schools are ranked among the twenty best in the world, according to a survey by the Financial Times, a fact that, no doubt, has come to the attention of many Japanese companies and students.

While only two decades ago Japanese students rarely opted to enrol for these courses because they were of no use for professional advancement in the big Japanese corporations, the changes that have since taken place in the labour system and the international expansion of companies have contributed towards a wider acceptance of MBA degrees among young people with a future, because the aim is to train professionals with leadership abilities.

Notes

1. In 2004, the Real Instituto Elcano (Elcano Royal Institute) published a study on the image of Spain in Japan, clearly showing the interest expressed by Japanese citizens concerning numerous aspects of Spanish culture. The report may be accessed at the following link: [www.realinstitutaelcano.org/publicaciones/libros/librojapon.pdf](http://www.realinstitutaelcano.org/publicaciones/libros/librojapon.pdf)


3. Fifteen Spain-Japan Forum meetings have been held, the most recent of which took place in Seville in November 2012.
4. A copy of the text is accessible online at: www.minhap.gob.es/Documentacion/Publico/NormativaDoctrina/Tributaria/CIDI/BOE_Japon.pdf

5. Further information on this matter may be found online at: www.seg-social.es/Internet_1/MasinformacionInternacional/Conveniosbilaterales/index.htm [and in English at: http://www.gtjapan.jp/pdf/topics/20101201_japan-spain_social_security_agreements.pdf].

6. ICEX (Spanish Institute for Foreign Trade) publishes on its website a list of Spanish companies present in Japan: http://www.icex.es/icex/cda/controller/pageICEX/0,6558,5518994_65926238_5547593_4539779,00.html

7. For anyone wishing to obtain further information about Japanese restaurants and gastronomy in Spain, the following web page is recommended: www.comerjapones.com

Bibliography


