

new technology and knowledge. In a trade sensitive world, EU companies would find better market access and be able to establish better long-term relationships abroad if the Commission were willing to accord undistorted domestic access to non EU enterprises. For instance, the further opening of EU markets, such as the agricultural market, would require firms to achieve economic efficiencies to meet non EU competition. Consequently, in the future, competition policy in the EU is likely to incorporate more fully the economic calculus of the global marketplace.

- **Japan**

Historically, competition in Japan was less direct and less confrontational. U.S.-style confrontational competition resulted in demands for protection. Pro-cartel legislation was enacted in 1930s. Japanese cartels were an essential backbone of the Japanese government's military and political drives to build an empire in Asia. Before the Second World War, efficiency, consumer interests and competition issues did not figure in the calculus of economic nationalism and imperialism. The Anti-Monopoly Law of 1947, largely modelled after U.S. antitrust legislation, was amended in the early 1950s to tolerate cartels and the administrative guidance of specific industries by government ministries. The strength of Japanese corporate governance lay in cooperative long-term relationships. Consequently, Japan adapted the AML to a competition philosophy conducive to achieving the goal of rebuilding the economy from the ruins of the Second World War. Competition policy in Japan has accommodated the role of the government and regulation of the economy.

In Japan, industrial restructuring and political evolution are underway. Exposure to foreign countries has brought consumers in Japan the information that prices of many goods are cheaper overseas than in Japan. Japanese corporations are having to cope with the higher value of the yen and have started manufacturing and sourcing abroad. Over the last decade, Japanese foreign direct investment and trade have increasingly been with Asian countries. Considerations of economic efficiency are leading them to question the worth of institutions such as the practice of life-time employment and long-term relationships. Such a debate goes to the heart of the *keiretsu*—Japan's corporate governance system.