

EURO BIZ JAPAN

DECEMBER 2017

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*Pictured above is the Panamera Turbo Sport Turismo. *Some parts depicted in the image may slightly vary from actual products sold in Japan. *Prices listed left are manufacturer's suggested retail prices including Japanese sales tax. Insurance, car tax, car recycling fee and additional options are not included. *Actual sale price is determined by Porsche authorized dealers. For further information, please contact the dealers.
*Porsche Japan has exclusive distribution rights effective September 2017.

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2017

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Pole
position

By Tim Hornyak



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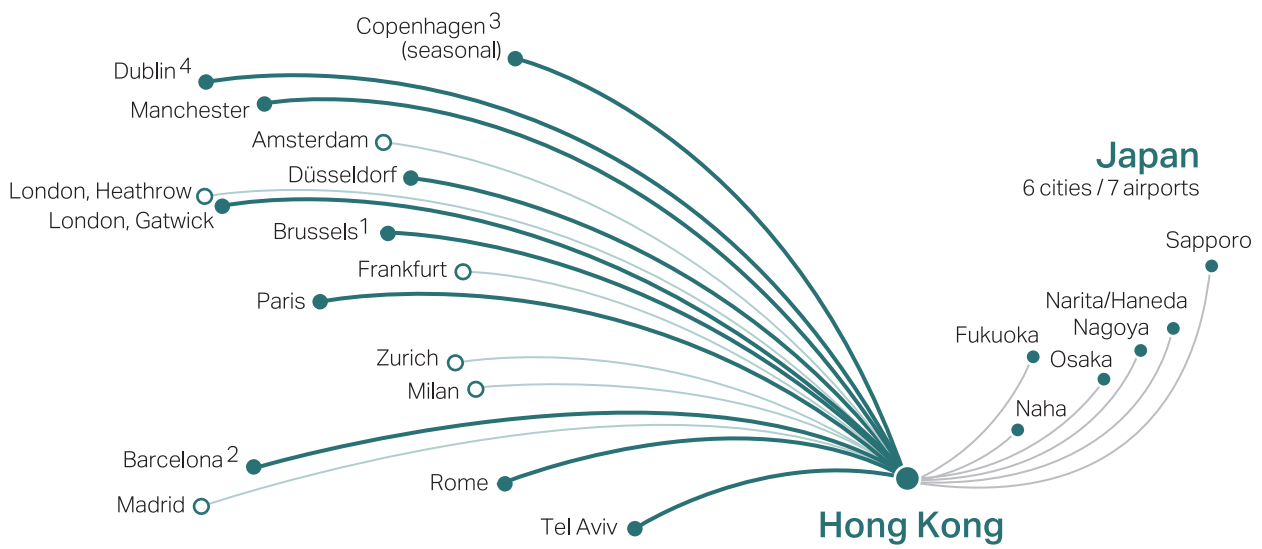
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Life Well Travelled





First Focus

La Niña, Spanish for the little girl, is the opposite weather phenomenon of El Niño. During the five — or more — months of La Niña, sea surface temperatures fall 3°C to 5°C below average, and can cause cooler, snowier winters. This winter, Japan will see the little girl lingering through January.

The cold and snow may not be pleasant, but it will undoubtedly provide some truly beautiful scenes — such as this shot taken on Coming of Age Day during a 2014 storm.



Tokyo journalist **Tim Hornyak** has covered technology in Japan for IDG News, CNET, Scientific American and other media, and is the author of *Loving the Machine: The Art and Science of Japanese Robots*. He has also co-authored Lonely Planet's guidebooks to Japan and Tokyo.

➔ *"I was happy to see my staid image of hybrid cars shattered when I took the Porsche Panamera 4 E-Hybrid out for a spin — it can be an absolute monster on the road. Porsche wants to get a broader Japanese demographic excited about sports cars, but vehicle ownership here is at its lowest level in nearly 20 years."*



Dan Sloan has covered Japan and Asia as a journalist, author and corporate content chief for over 20 years, seeing more governments than he can count. He is a former president of the Foreign Correspondents' Club of Japan, and an unrepentant Yokohama BayStars fan.

➔ *"Shinzo Abe is on the road to becoming Japan's longest-serving prime minister, but opinion is divided on whether his tenure has been long on days and short on delivery, blessed by a dearth of political options and the shadow of regional security concerns."*



Justin McCurry is the Japan and Korea correspondent for *The Guardian* and *The Observer* newspapers. He graduated from the London School of Economics and later gained a master's degree in Japanese studies from London University.

➔ *"I know I'm not alone in occasionally cursing slow download speeds when I use my phone on a crowded train or deep in the bowels of a building. But the advent of 5G means those among us who have had an ambivalent relationship with our mobile devices have reason to celebrate. We just have to wait for another couple of years."*



Jason Kendy leads UBS Group's communications and branding activities in Japan and Korea. A three-decade resident of Tokyo, he often writes on public relations, crisis communications, and community affairs topics affecting this country and Asia in general.

➔ *"Japan rarely moves quickly. But the speed with which this nation's corporations are incorporating LGBT inclusion efforts into their human resource programmes has been staggering. I attended the 2017 work with Pride (wwP) awards ceremony and saw a 'Who's Who' of Japanese blue chips touting the steps they've each taken to embrace the effort."*

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INQUIRY IN THE “WILD”

Linking our school residential programme to our curriculum

At Aoba-Japan International School (A-JIS), we made a conscious decision to focus on using our out-of-classroom experiences to enhance the inquiries inside our classrooms.

INQUIRY-BASED

At A-JIS, we focus and develop our learners through a clear, articulated inquiry process.

This includes checking their “readiness” to learn; “engaging” them in learning; “digging deeper”; and using what they learn in a meaningful way, or as a “demonstration of their understanding”.

Knowing our students well allows us to judge their readiness for learning. Their inquiry is based around a “Big Question”. Students are asked to engage in the question and develop further inquiry questions that will help them gather information and understand the concepts needed for answering the “Big Question”. Some of these questions can be teacher-directed. But, as learners become more skilled, many inquiries are developed by the students.

FOCUS OF THE LEARNING

As an IB MYP school, we organise our courses in units, the first of which includes the residential trip as a key component. All our first units share a common global context, a way of narrowing the focus of an inquiry to ensure depth of learning, as well as a common key concept. Concepts are ideas that are universal, and can be applied to any area of learning.

TRIPS FOR 2017

Grade 6 spent five days in Nikko, and many of the Big Questions they worked with included ideas about the obvious cultural links at this historic



location. Students then wrote stories about the impact of big events on who they are.

Grade 7 explored Hiroshima, asking such questions as, “How do wars of the past shape our future?”, with the obvious link to the prefecture’s history. They also looked at how landscape painting can be used to represent the interconnectedness of various parts of landscape and cultural constructs.

Grade 8 went to Ise Shima, learning about the science behind the influences of the environment; and using the lens of cultural symbols found on Ise Shima to discover how they have affected the development of cultures.

Our Grades 9 and 10 travelled to Hokkaido, investigating the science behind local methods of making a living and surviving; and gathering information about the Ainu people and how they maintain their cultural identity.

BACK TO SCHOOL

Once back at A-JIS, students sorted through the information they had gathered and planned their demonstration of understanding. This included artwork, presentations in the form of posters and electronic presentations, as well as making short movies and writing stories answering their questions. By linking the trips to the “Big Questions”, we leverage learning experiences – both in and out of school – to increase the students’ learning and make it real. This process makes our residential trips an integral part of the learning cycle at Aoba-Japan International School, creating ‘classes without walls.’

Joe Hamkari
Acting Secondary Principal
and MYP/DP Coordinator
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Making changes that will last

On 31 October, 1517 – almost exactly 500 years ago – Martin Luther nailed his 95 theses to the door of All Saints’ Church in Wittenberg, Germany, starting the Reformation.

“He put individual responsibility into the centre of his theology,” German Ambassador to Japan Dr Hans Carl von Werthern told me when I met him for our interview. “We’re deeply convinced that it has had repercussions that have continued until today.”

Unfortunately, I wasn’t able to include our conversation about Luther – and how his act transformed Europe and the Western world – in the final article. But you can find out more about how Ambassador von

Werthern himself is taking a stand for diversity and societal change in Japan (page 22), actions that are sure to have meaningful repercussions.

Germany features quite prominently in this month’s issue. Our December EBC Personality article on Marcus Schürmann (page 32), the Business Spotlight feature on Boehringer Ingelheim (page 38) and David Umeda’s *Working Magic* (page 26) all put Germans and German businesses – and the changes they are

effecting – front and centre.

On this month’s cover are Toshiyuki Shimegi and Kaori Yamazaki of Porsche Japan, a branch of the renowned German sports car manufacturer. The firm is increasing its marketing efforts to help the brand establish deeper roots in Japan, which will ensure Porsche’s long-term future here. Read more in Tim Hornyak’s *Pole Position* on page 12.

As we come to the end of another year, it’s a good time to remember our individual responsibility in setting goals, fixing problems and making meaningful changes that will benefit others and have a lasting, positive impact. ●

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POLE POSITION

Porsche Japan dreams of bringing sports cars to a new audience



Get behind the wheel of a Porsche Panamera 4 E-Hybrid and you'll notice a small wheel within the steering wheel. Turn this driving-mode dial to Sport Plus and your seatbelt will automatically tighten, and the engine will growl when you give it gas. It's as if this hybrid hatchback is daring you to question its sports car credentials.



With a total system output of 462 horsepower from its 2.9-litre, twin-turbo V6 combustion engine and electric motor, the new Panamera can do zero to 60mph in 4.4 seconds in Sport Chrono mode. The four-door, all-wheel-drive luxury sedan represents Porsche's latest approach to combining raw power with fuel savings and lower emissions. As the German carmaker next year marks 70 years since its founding, Porsche Japan recently showed off the company's heritage at the 2017 Tokyo Motor Show by exhibiting a 356 Speedster — an elegant white cabriolet from 1955 — alongside its headline models: the new Cayenne and the Panamera Sport Turismo. It was Porsche Japan's first experience developing the show booth without the involvement of Porsche AG, proof that the subsidiary has come of age.

“Under our midterm strategy plan, we aim to be the most successful form of exclusive sports ‘mobility’ — we use that term instead of ‘cars,’” says Porsche Japan Representative Director and President Toshiyuki Shimegi. “A car is just the hardware, but mobility includes things like ride-sharing, renting out one's car and software-based services.”

Porsche is the most profitable among major sports car makers. Japan is an important market for the firm, ranking sixth in terms of sales volume, but it's also one of the most challenging. Japanese automakers control about 90% of the domestic market; and *kei*, or compact, cars make up a large chunk of this. Porsche Japan got rolling in 1997 and began importing cars the following year. Notable launches have included the Cayenne in 2002, the Cayman in 2005, and the Panamera in 2009. Compared with people in other countries, Japanese buy more two-door sports cars; about 45% of Porsche's sales in Japan are high-end models such as the 911, 718 Boxster and 718 Cayman. The 911, originally introduced in 1963, is the





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Porsche Japan marketing team

“Innovation is in Porsche’s DNA”

most popular, but sales are led by the Macan, a compact SUV launched in 2014.

“We believe that all our models are sports cars,” says Marketing Director Kaori Yamazaki. “The difference with other luxury brands is that they’re normal manufacturers that also make sports cars, but we are a sports car manufacturer producing sports cars only.”

Porsche Japan now has 44 independent dealerships across the country. In 2014, Shimegi left Chrysler Japan to head the firm. Last year, it set up a new headquarters in Tokyo’s Toranomon Hills, where some 60 employees work. At a press conference, Shimegi announced a new strategy for Japan based on three promises: introducing compelling vehicles, working for a greener environment and conveying the pleasure of driving to the people of Japan. The message came directly from Porsche Japan itself, not its Stuttgart-based parent.

“We’re pursuing intelligent growth,” says Shimegi. “That means innovation — going beyond hardware, and not simply chasing higher sales volume.”

To do that, the company wants to emphasise its racing roots while embracing a wider demographic of potential customers. Though well known among car buffs, Porsche is still not exactly a household name in Japan, so the firm wants to expand its marketing efforts from media such as car magazines into lifestyle magazines.

It already sponsors golf and tennis tournaments and has a sponsorship deal with Takumi Minamino, a forward with the Austrian football team FC Red Bull Salzburg.

Another challenge is that younger people aren’t as interested in cars as previous generations; car ownership in Japan is at its lowest level in nearly 20 years. Porsche Japan is focusing more on working with customers instead of simply making luxury cars and waiting for customers to come knocking.

“Our mission is to create demand for the brand by elevating customer experienc-

es at every single touchpoint,” says Yamazaki. “We also have to deal with some perceptions that Porsche is out of date. It’s essential for brand sustainability to tell people what we are about,

our values and where we’re going in the future. The philosophy of our founder, Ferdinand Porsche, was to always see the future.”

Yamazaki says few people know that in 1900, Porsche

invented the world’s first functional hybrid electric-combustion vehicle, the Lohner-Porsche. Today, the manufacturer has two plug-in hybrid models, the Cayenne and the Panamera — but it wants to go beyond those.

In 2020, Porsche is expected to launch its first purely electric sports car, a concept model dubbed Mission E. Wielding more than 600 horsepower, it will be able to do zero to 60mph in less than 3.5 seconds. It will have a new powertrain similar to that of the Le Mans-winning 919 Hybrid and will be able to travel over 480km per charge. Porsche will double the standard charging voltage to 800 volts, meaning it will only require 15 minutes to get enough juice to travel another 400km. Through imagery and brochures, the concept was presented at the Tokyo Motor Show, creating a past-future symmetry with the 356 Speedster.

“Innovation is in Porsche’s DNA,” says Shimegi. “We are committed to sports car driving, whatever the environment or the country. That means we need an electric vehicle.” ●

1900

In 1900, Ferdinand Porsche invented the world’s first functional hybrid electric-combustion vehicle



FIRST TO



The race to deliver the next generation network

One numeral. One letter. But combined, they stand for a revolution in wireless communication, lavishing smartphones with high-speed connections and changing the way we watch, listen and interact on the go.

But fifth-generation mobile technology — or simply 5G — is about more than personal entertainment. The advent of the Internet of Things has tech companies, telecommunications carriers and governments dreaming of uses for 5G in a range of fields, including

commerce, manufacturing and the service industry.

Trials are under way in the US, Europe, China and South Korea, but the world's eyes will be on Japan when 5G as a commercial concern is introduced ahead of the Tokyo 2020 Olympics — a time when years of investment, R&D and



10x

5G will be able to send 10 times more data per second than is currently possible with 4G, or Long-Term Evolution (LTE) Advanced

planning will come together to usher in a transformation in wireless connectivity.

However, Japan is not attempting to lead the world into the 5G era alone. Nokia of Finland and the Swedish firm Ericsson are working closely with domestic mobile telecommunications carriers, tech

companies and government bodies to build the communications infrastructure needed to ensure a seamless path to the 2020 deadline.

“The Tokyo Olympics are coming at the perfect time for Japan to show itself as a global standard base for 5G,” says Brian Cho, Nokia’s head of

technology for the Asia-Pacific and Japan. “Fifth-generation technology is firmly on the national agenda, because it is so closely linked to the Olympics, which will be an opportunity for Japan to show off. The government has shown a great interest and is working alongside industry.”

The dramatic rise in transmission capacity will enable people to view sports on smartphones in a way that would simply not





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be possible without 5G. Instead of watching football, for example, from a single angle, users will have access to 360-degree views of the action via images from dozens of cameras inside the stadium.

Having the right infrastructure in place is, therefore, critical to 5G's success, explains Masanobu Fujioka, chief technology officer at Ericsson Japan, which has been working with NTT DOCOMO and Intel to build a 5G trial environment.

"To enjoy 5G, smartphone users need consistent access to applications, so we have to deliver 100 megabits per second anywhere for that to happen — even deep inside building basements. It's all about high reliability and low latency," he says, referring to the delay that can occur between two networked points.

So, what exactly is 5G and how does it differ from its predecessor?

The data suggests it will more than match the transformation that 4G brought to mobile data transmission several years ago. 5G will be able to send 10 times more data per second than is currently possible with 4G, or Long-Term Evolution (LTE) Advanced, the most commonly used network in Japan. In practical terms, that means you will be able to download a movie onto your smartphone in just seconds.

The same super-fast transmission speeds will accelerate the connectivity to devices — from household appliances to automobiles and industrial robots.

Cho of Nokia believes the advent of 5G will prove a watershed in the democratisation of mobile communication. First-generation devices — think of the enormous bricks London

financial whizz kids took calls on in the late 1980s — were for the wealthy, he notes. Then 2G emerged to give everyone a voice, with 3G bringing limited data options to those who could afford it. But it was 4G that brought the data revolution to everyone in the form of smartphones and high-speed Wi-Fi.

"The 5G technology has two important aspects," Cho adds. "It will not only enhance the experience for individual customers, but it will have applications in areas like transport, healthcare, tourism, security and education. The big difference is that industry players are involved."

Japanese firms Honda and SoftBank recently unveiled a joint research project to develop internet-connected cars that inform drivers about traffic conditions and accidents ahead. Starting next year, the telecom firm will install 5G base stations at the automaker's test course in Hokkaido.

And in May, NTT DOCOMO and Tobu, a private railway company, began trials of ultra high-definition 8K video at Tokyo Skytree.

Industrial applications aside, 5G's development is being pushed forward by the desire for uninterrupted access to entertainment among smartphone users.

"People are continuously consuming more data, so at the very least, we need to be able to provide video services on flat-screen TVs that are of sufficiently high quality," Cho says. "With more video comes the need for more capacity. For example, virtual reality streaming without compression uses an enormous amount of data ... these services can't be supported with current capacities of, say, one gigabit-per-second speed."

Aside from facilitating new ways to view sport, the Olympics should prove a useful testing ground for 5G's application in the security field, according to Yoshio Honda, general manager for standardisation and regulation at Ericsson Japan.

"It will be feasible for a security firm to use 5G technology to monitor crowds at an Olympic event," he said. "That would facilitate a much quicker response to an incident, or even a potential one."

The road to 5G is not without bumps, however. Japan will have to resolve

you will be able to download a movie onto your smartphone in just seconds

issues surrounding technical compatibility stemming from its move to a new frequency band, something agreed on by the International Telecommunication Union, the UN agency responsible for issues relating to information and communication technologies.

The US has been particularly aggressive in developing 5G, along with Japan, South Korea — arguably the most wired nation on earth — and China, where commercial services will also be introduced on a huge scale in 2020. Confidence is high in Japan, however, with the communications ministry vowing that the 2020 rollout will put Japan "ahead of other countries".

Whether it can deliver on that promise remains to be seen. What is certain is that preparations for the Olympics over the next two years should put Japan at the head of the 5G pack.

"The leap that 5G will bring to our society is going to be even more revolutionary than what we experienced after the advent of 1G, 2G, 3G or even 4G," said Akira Matsunaga, a senior director at KDDI's R&D Strategy Division, as reported earlier this year by *The Japan Times*.

"We believe 5G will indeed become the foundation of our future society." ●



First Milestone Achieved

The dominant theme of the 2017 EBC white paper is, as expected, the agreement in principle of the Economic Partnership Agreement (EPA) between the EU and Japan, announced at the beginning of July. Last year, the EU sold goods and services worth €86 billion to Japan.

The culmination of four years of negotiations, the EPA is designed to boost bilateral trade by improving market access, as well as “open up opportunities in public procurement markets; remove non-tariff barriers; and protect geographical indicators and intellectual property rights,” notes EBC Chairman Danny Risberg in his opening remarks to this year’s report.

EBC Executive Director Alison Murray writes that, “as soon as it enters into force, the EPA will remove more than 90% of all tariffs applied to EU goods imported into Japan, ease product registration requirements, open up markets previously inaccessible to EU companies and promote fair competition.”

However, the title of the white paper, *First Milestone*

Achieved, emphasises that there is still considerable work to be done in finalising and implementing the EPA, as well as on issues not covered by the agreement.

“[The] spirit of the EPA must be translated into action within the machinery of government,” adds Risberg.

Five areas that deserve particular attention are logistics, cosmetics, automotive components, telecommunications equipment and financial reporting.

Even as the growth of e-commerce propels the demand for goods, the shortage of delivery drivers in Japan has been one of the starkest illustrations of the impact of a shrinking work-

force on the nation’s economy. The Logistics and Freight Committee recommends a multi-pronged approach to the problem, as well as wider reforms to bring greater overall efficiency to the sector. The easing of visa requirements to allow temporary foreign labour during peak seasons and increased government support for child care to facilitate more female participation in the sector are two proposals the committee has put forward to address the issue.

The EBC is also calling on the Japanese government to permit the use of larger trucks for long-distance transportation as a way to cut the number of drivers required, and to accelerate the introduction of autonomous vehicles for deliveries. In order to increase the efficiency of final deliveries, it is recommending subsidies for ‘open’ lockers at locations such as train stations where customers can pick up parcels, and also that the public be educated on the “social and environmental costs of failed delivery attempts”.

The committee reports that significant progress has yet to be made in other areas, such as restrictions on foreign-owned companies operating in domestic freight forwarding, Japan’s high cost base, inadequate infrastructure, restricted aircraft operation time windows and heavily congested ports.

E-commerce has created a new area of focus for the EBC in cosmetics and quasi-drug products. In the luxury cosmetics market, studies suggest more than 10% of items coming into the country are parallel imports, produced for other territories but sold – usually online – in Japan. Risks include unapproved ingredients, improper labelling, expired

**The EPA will ...
open up markets
previously
inaccessible to
EU companies
and promote fair
competition**



items, and products that have not been stored or transported correctly – potentially compromising safety. The EBC’s Cosmetics and Quasi-Drugs Committee calls for all cosmetics sellers to be subject to the same standards and to ensure that quasi-drugs are not being sold as cosmetics.

Of the approximately ¥244 billion of imported cosmetics and quasi-drug products shipped to Japan last year, ¥86 billion-worth originated in the EU, boosted by changes in the regulations around import notifications and approval procedures for prescription drugs. The committee lauds these changes and the moves towards harmonising rules governing the type and quantity of ingredients allowed in cosmetics and quasi-drugs. But it is also calling for more progress.

Another new area of focus for the 2017 white paper is the issue of Standard Essential Patents (SEPs) in telecommunications equipment. SEPs commit patent holders to licensing on global Fair and Reasonable, And Non-Discriminatory (FRAND)

terms. The Japan Patent Office is planning to introduce its own system for SEP disputes, with the power to decide royalty rates. This is of concern to the EBC because the European telecommunications industry – the major patent holder of the targeted SEPs – could be disadvantaged by such a regime, which would also disrupt global FRAND patent valuation and licensing practices.

In the automotive sector, European firms have recently been making inroads into the domestic components market after decades of having supplied only Japanese manufacturers’ overseas operations. However, in the auto components aftermarket, restrictive practices remain. When Japanese automakers contract suppliers, they usually restrict them from selling the parts independently, a practice prohibited under EU law. This means that the price of quality parts at dealerships

are kept high, while low-cost manufacturers are allowed to sell what are essentially cheap copies of the original products.

Lastly, the complex rules around financial reporting by companies are addressed in this year’s white paper. The main focus is on the adoption by Japanese firms of International Financial Reporting Standards (IFRS), used in the EU, and harmonising practices between

the local Japanese Generally Accepted Accounting Principles (J-GAAP) and IFRS. One challenge is for European multinationals with substantial Japanese operations, which have to report locally under J-GAAP and then use IFRS for reporting to headquarters. Important differences between the two systems include different valuation methods for unlisted equity holdings and depreciation of property, plants and equipment.


Looking at the bigger picture, policy director Bjorn Kongstad writes that while the EBC acknowledges the successes of Abenomics, more reform is needed to secure the long-term economic health of Japan.

“The EU-Japan EPA could and should make a significant contribution to this effort – again, if it is robustly implemented – but on its own, it is not enough,” Kongstad notes. “So while a first and important milestone has been achieved, the EBC urges the prime minister and his government to continue work on all fronts to transform Japan’s economic prospects for decades to come.” ●

€86 bn

Last year, the EU sold goods and services worth €86 billion to Japan



A close-up portrait of Dr Hans Carl von Werthern, a middle-aged man with grey hair, a mustache, and glasses. He is wearing a dark suit jacket, a light blue shirt, and a dark blue tie with a small white pattern. The background is a warm, out-of-focus orange-brown color.

For nearly four years, His Excellency Dr Hans Carl von Werthern has been ambassador of Germany to Japan, working to strengthen political dialogue, economic cooperation and cultural exchange between the two like-minded nations. He spoke with *Eurobiz Japan* about new collaborations in high-tech between Germany and Japan, the importance of marching in this year's Tokyo Rainbow Pride Parade, and the best response to rising populism.

An advocate of diversity

German Ambassador
Dr Hans Carl von Werthern

What are some new areas of cooperation between Japan and Germany?

One area I would point out is in high technology, such as the Internet of Things and artificial intelligence. Since circumstances in our two countries are so similar, I think Germany and Japan are natural partners in this cooperation.

Japan was the official partner country of CeBIT – the world’s biggest Information and Communications Technology exhibition – in Hanover this year, which was opened jointly by Prime Minister Abe and Chancellor Merkel. It was a starting point for quite a lot of cooperation projects. For example, the Hanover Declaration, and a memorandum of cooperation between AIST [National Institute of Advanced Industrial Science and Technology], a Japanese research institution, and the German research institute DFKI [German Research Center for Artificial Intelligence].

This is very promising for a number of reasons, but one reason stands out. Now the standards will be developed for all these areas, and if Germany, Japan and our partners manage to establish the standards, we will benefit immensely. If we don’t – and neither of us can do it alone – we will have to follow standards that others set.

There are other projects of cooperation in quite a number of fields, including autonomous driving, fusion technology, marine research and battery research.

What has been happening this year on the level of cultural exchange?

We had a whole variety of events. Starting with what we would call high culture, the Bavarian State Opera was here. And the Elbphilharmonie Orchestra had concerts here in Suntory Hall and at Tokyo Bunka Kaikan.

But it’s not only Beethoven and Bach and the big exhibitions. We also try to further cultural exchange on other levels. It’s important to me that the cultural work of the embassy also is as diverse as Germany itself. One example is DJ Ipek. She’s a German DJ of Turkish background, and she is a very pronounced activist on the LGBT topic. She gave talks all over Japan, and, of course, she went to clubs and DJed. She participated, as I did, in the Tokyo Rainbow Pride Parade.

“countries which stand for freedom, democracy, open markets, tolerance ... will have to assume more responsibility”

There was a group of European ambassadors that marched this year.

Why was it important for you to be a part of the pride parade?

I’m deeply convinced that diversity is a defining factor for the strength of a society. At least that’s the experience we have had for centuries in Europe, and especially in Germany. In my opinion, diversity implies that you recognise people who are different from you as equals – and possibly even as superiors because they usually have qualities that I don’t have. I think the recognition of gay, lesbian, transgender and bisexual people is very important, not only from the perspective of human rights, but also for teaching ourselves that our way of life is not the only possible one. And I’m very glad that a number of European ambassadors here think the same way.

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Science For A Better Life

Germany is a candidate to become a non-permanent member of the United Nations Security Council (UNSC) again in 2019 and 2020. Can you tell me about the reforms to the UNSC that Germany and Japan would like to see?

The Security Council is the only international institution for keeping peace and for conflict management. It was set up in 1945, but the world has changed dramatically since 1945 – there are 142 more members of the United Nations today. The Security Council, and the structures of the United Nations in general, do not reflect the composition or the reality of the world as it is. One of the most important goals of the initiatives to reform it is to make the Security Council representative. The five permanent members are the nations who won the Second World

War. Asia is only represented by China; and Latin America and Africa are not represented at all. This has to find a new balance. We are working together in the so-called G4 – that's Japan, Germany, Brazil and India – to convince the institution that it urgently needs reform in order to be able to do what it's supposed to do.

Also, in the charter of the United Nations it's stipulated that the major contributors to the United Nations' budget should be represented in the Security Council. Germany is prepared to accept more responsibility in the world. We would like, in the long run, to be permanently represented in the Security Council.

After the far-right Alternative for Germany party took 12.6% of the vote in the last German federal election, what do you think

“diversity is a defining factor for the strength of a society”

about the rise in populism that we are seeing around the world?

German voters voted for stability; 87.4% voted for parties which stand for democracy, an open market, tolerance and human rights. I don't see that in the foreseeable future a right-wing party can have any real influence on policy-making in Germany.

A message I give to young people in Japan, when I speak at universities, is that we have to seek dialogue with people with whom we don't really want to talk. It's no good calling them deplorables or idiots. They are not. We have to engage with them.

One of the things I keep repeating is something that then-federal president Joachim Gauck said in a speech he gave in November 2016 at Waseda University, which was shortly after President Trump was elected. He said, and I wholeheartedly support it: “Against the background of rising uncertainty in the world – rising populism, rising isolationism – countries which stand for freedom, democracy, open markets, tolerance and international exchange – in other words, countries like Germany and Japan – will have to assume more responsibility, and in order to be able to do that, they will have to cooperate ever more closely.”

I think that sums up nicely what we are trying to do at the embassy – to enhance cooperation, dialogue, and the projects in the economic and cultural fields; to get the two countries, the two peoples, closer together in order to be able to jointly face the challenges that we are facing. ●





Germany

Working magic

A total of 35.5 million tourists travelled to Germany in 2016, nearly 10 million more than in 2010. In the midst of this tourism boom, the German National Tourist Board is promoting the country's 10 most popular destinations as its "Magical Cities". On its website, the organisation is highlighting the bewitching and exceptional aspects of these cities, such as the baroque splendour of Dresden, the maritime vibe of Hamburg and the centuries of musical heritage to be found in Leipzig. Similarly, German businesses ensure that what they provide their customers — in Japan and around the world — is something magical.

Lufthansa German Airlines — Europe's largest airline in terms of fleet size and passengers carried — is hard at work bringing world travellers to Germany. It always goes the extra mile when it comes to services for its passengers and giving them a magical experience on board. Lufthansa was the first airline to provide inflight internet on international flights in 2004. It

is also the world's largest buyer of caviar, purchasing 10 tonnes annually to give something extra-special to its first and business class passengers.

Also in the business of providing its customers with something of the exceptional is The Schaeffler Group. The firm develops and manufactures high-precision components for the automotive, aviation and machine sectors, and is one of the biggest family-owned industrial companies, with a presence



in 170 locations in more than 50 countries. Since 1948, Schaeffler has worked with Porsche, which includes a collaboration on its sports racing vehicles. Last month, the Porsche 919 Hybrid — powered by both an internal combustion engine and an electric motor, made with Schaeffler parts — made the Porsche-Schaeffler team world champions for the third year in a row at the FIA World Endurance Championship.

The Freudenberg Group is a diversified group of companies operating in more than 30 market segments with thousands of applications. Its products include everything from cleaning products and textiles to automobile parts and building materials. Most of the world's major airports — and even the stations in the Shanghai Metro — have flooring made by a Freudenberg subsidiary. In the field of medical technology, the firm's voice prosthesis — a one-way "voice valve" fitted between the trachea and esophagus — has the miraculous application of giving back the gift of speech to those who have had their larynx removed during surgery for laryngeal cancer.

The world's largest producer of chemicals is BASF. Its extensive product portfolio includes chemicals, plastics and performance products. A pioneer in developing biodegradable plastic, the firm is committed to being environmentally responsible. For 17 consecutive years, it has been included in the Dow Jones Sustainability World Index, a ranking of companies from around the globe with the best sustainability perfor-

mance. One of the many magical products BASF manufactures for its clients is lightweight, fire-resistant Basotect foam. Today, this is being used in seat-backs on trains in San Francisco and New York, helping to reduce the overall weight of seats by 90% and, consequently, contributing to greater energy efficiency, enhanced performance and longevity for the trains — as well as greater comfort for passengers.

Whatever the industry, German firms are enchanting their clients with their exceptional products. ●



Trade with Japan

Exports to Japan: €18.3 billion
Imports from Japan: €21.9 billion

SOURCE:
STATISTISCHES
BUNDESAMT (2016)



Area

357,022 km². Coastline: 2,389km.

Climate

Temperate and marine; cool, cloudy, wet winters and summers; occasional warm mountain (*foehn*) wind.



Major cities

Berlin (capital), Hamburg, Munich, Cologne, Frankfurt, and Stuttgart.

Population

80,854,408 (July 2015, estimate).
Urban population:
75.3% (2015). 41.38% are 25–54 years of age (2015, estimate).



Natural resources

Coal, lignite, natural gas, iron ore, copper, nickel, uranium, potash, salt, timber and arable land.





BUSINESSES FROM ...

GERMANY

A LOOK AT SOME COMPANIES FROM THE REGION

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おいしさを。



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Great gifts for golfers

From gold clubs to glow-in-the-dark golf balls

Christmas and New Year are times of gift giving, so what's the best gift a golfer can get? Well, probably a round of 59, but that's way out of our price range. Here's a list of other gift ideas to give your favourite golfer, or to treat yourself:

1 A set of "gold" Honma clubs. Prime Minister Shinzo Abe decided to give US president Donald Trump some golfing bling the first time the two met, so he presented the president with a "gold" Honma Beres S05 driver worth ¥500,000. However, he could have gone all the way with a complete set, including putter. Or maybe he should have given him something Japanese — Honma was taken over by a Chinese company after it went bankrupt in 2005.



HONMA BERES

2 Something for the ladies: **Membership at the Kasumigaseki Country Club.** Despite not actually being in Tokyo, Kasumigaseki Country Club will host the Olympic golf tournaments in 2020. While women weren't completely banned when the decision was made, certain restrictions — such as women not being allowed to play on Sundays — came to light that put the country club in danger of losing its Olympic status. Earlier this year, the club decided to give female members the same privileges as male members.

3 A spirit-level marker. Yes, it's probably totally illegal, but who out there plays by the rules? Matro Co.'s Green Navi replaces your ball marker with a dual spirit level that tells you just how much the green slopes. It doesn't really help you with your putting stroke, though.



MATRO CO.

4 But this other Matro product will: **The ONEPUTTING trainer.** It's like most indoor putting practice mats, but with a putting analyser attached. This measures your impact angle, swing tempo, swing style and distance.

5 Driver skins. If you can't afford Honma's flashy clubs, and you're using an embarrassingly old driver, you can make it look like new with Golf Skin. You can wrap your shaft, put a snazzy design on top of the club head and even put something on the face. You can look cool, even if your swing says otherwise.

6 Glow-in-the-dark golf balls. If the light's fading or you're playing at night, it really helps to see where your ball is going, and the Night Eagle LED ball is the answer. It comes in green, red, blue and white. Activate it before you play your shot so you can see where the ball goes and finishes — hopefully.

7 A custom golf cart. It might not be so easy to use in Japan, where a lot of carts are remote-controlled on a fixed path, but the variety of loony golf carts available is amazing. They include an Easy Rider trike, a Batmobile, a Hummer, a Rolls Royce and a stretch limo.

8 A hairy hat. That's right, a golf cap with a built-in wig. It looks surprisingly good, unless you buy the Scottish tam o'shanter in tartan with a built-in ginger mullet.

9 Star Wars gear. You can get a stormtrooper golf bag, and Darth Vader or other Star Wars character head covers. Using the Force does help.

10 Five-toed golf shoes. If you live in Japan, you've probably seen five-toed socks. Now you can get five-toed golf shoes. There may be a good reason for this, but you won't find it here.



VIBRAM

Have fun over the holidays! ●



Marcus Schürmann

Using all the right ingredients

When he was a child, Marcus Schürmann would often help out in the family bakery. His grandfather was both a baker and a pâtissier — making bread and buns, as well as cakes and pastries — and Schürmann says that his range of skills was inspiring. Sadly, the Schürmann bakery, established in Essen, Germany in 1900, closed its doors after 75 years in business.

“I like baking very much,” Schürmann states. “By baking as a hobby, I try to keep the bakery alive, to some little extent.”

At home on the weekends, he can be found in the kitchen making bread — such as a loaf of Vollkornbrot (German whole wheat bread) — cookies or a cake.

“It’s a bit creative, and also a way to forget work,” says Schürmann. “I have to concentrate on the bread, and this, for me, is quite relaxing.”

But he doesn’t make anything too complicated, he insists. Schürmann usually follows one of his recipes, using ingredients that are easy to get in Japan.

“You need, to a certain degree, to be precise,” he explains. “You can pour many things together, but you have to have the ingredients in the right quantities, and in the right balance, in order to get good bread in the end.”

This precision and the desire to get things right has been with Schürmann throughout his career. After coming to Japan on a scholarship in 1989, and then working in the optics industry, he helped the compressor manufacturer Kaeser Kompressoren start a branch office here. He was the representative director of its Japan and South Korea subsidiaries between 1994 and 2000; and for the first year, he didn’t sell a single machine.

“I found out that the products we had in those days didn’t fit the Japanese market’s requirements,” he says. “Basically, on my own — it was even at a personal risk — I decided to develop a Japan version, which packaged a compressor and a dryer, because my duty was to succeed here. Together with a Japanese manufacturer, we made a machine that was, in the end, the perfect solution.”

After six years, when Schürmann left the company, the business was thriving.

He took a position at the German Chamber of Commerce and Industry in Japan (AHK Japan), where today he holds two functions, as delegate and CEO. AHK Japan is part of a global network of offices with a presence in 90 countries that is co-funded by Germany’s Federal Ministry for Economic

Do you like natto?

Time spent working in Japan:

Since 1989. I arrived November 1st, one week before the Berlin wall fell.

Career regret (if any):

No serious regret comes to mind.

Favourite saying:

“You get the best out of others when you give the best of yourself” — Harvey S Firestone.

Favourite book:

All Quiet on the Western Front by Erich Maria Remarque.

Cannot live without:

A good book, friends and family.

Lesson learned in Japan:

Look for the big picture in everything you do. This helps you a lot in anticipating the effects of your decisions on others.

Secret of success in business:

Work smart, stay humble and learn from your mistakes.

Favourite place to dine:

Elio Locanda Italiana.

Do you like natto?:

Yes. And it tastes even better when you mix in pieces of ham.



Affairs and Energy. Unlike many other chambers of commerce abroad, the AHK is not only a member-driven organisation, but is also a trade promotion agency and a business service provider.

“On a day-to-day basis, we support companies dealing with everything from toothbrushes to photovoltaic power plants,” he explains. “Nobody expects that we are experts in every single field, but what we know is about context here, in the target market, in Japan. Our staff – of 30, mostly trilingual, employees – knows where and how to obtain quality information, and how to access the right networks and players.”

In his role as delegate, Schürmann acts as the official representative of German commerce and industry.

“I always have to watch out for new topics of bilateral relevance, new developments and new trends,” he notes. “I try to understand them, and then develop these findings into relevant member-related activities, or services that we can offer companies that want to come to Japan. It’s similar to business development.”

The AHK has 55 years of industry experience in Japan. Today, it does a lot of work with small and medium-sized enterprises. When making recommendations, Schürmann draws on his own time in Japan’s business world.

“When I talk with companies, I provide advice, know-how and expertise based on my own experiences,” he says. “That’s very important. It puts a lot of credibility into the professionalism of the organisation.”

In a real sense, Schürmann is like a baker giving German businesses the ingredients, and helping them to follow the recipe for success here in Japan. ●

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The Abe years

Duration or Deeds?

The October election victory by the Liberal Democratic Party (LDP), under Prime Minister Shinzo Abe, was resounding, and the very real prospect now is that Abe, already having launched four cabinets, will become the nation's longest-serving prime minister.

The re-election of a ruling government, which globally has not been the trend, ensures that Abe will lead the world's third-largest economy – currently in its longest growth run since 2001 – at least until LDP elections in the autumn of next year, and most likely through the Tokyo 2020 Olympic Games.

This has given Japanese stocks a push on the prospect of further ultra-loose monetary policy, fiscal stimulus measures and a weaker yen. Markets, and Japan in general, like stability; and the Nikkei index charged to a 26-year peak, with foreigners investing trillions of yen in the month surrounding the vote.

Had there been an LDP setback, this column would have focused on the successes and failures of the prime minister's Three Arrows strategy – centred on monetary and fiscal policy as well as structural reform. Instead, the Arrows remain works in progress. Ultra-low interest rates – relative to global peers such as the UK and the US – will not be rising; an additional ¥2-trillion budget is expected before year-end; corporate tax breaks will be given to firms hiking salaries; and, further nascent reforms – for Europe in particular – will include the prospect of greater trade and reduced tariffs.

In the wake of the US pullout from the Trans-Pacific Partnership (TPP) free trade pact, Abe threw his weight behind the Japan–EU Economic Partnership Agreement (EPA), which saw an agreement in principle reached in July – a significant bilateral moment. This will set the stage for a blockbuster trade deal, pending EU

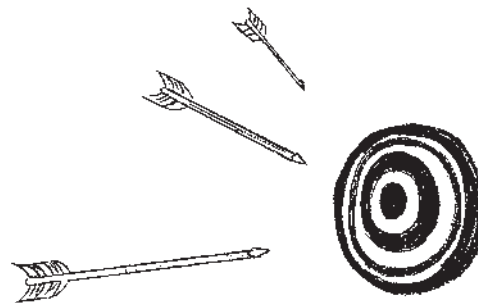
and Japanese approval, that is certain to boost exports of European goods and services well beyond the current €86 billion annually.

The Japan–EU EPA aims to further open Europe to Japanese automakers, and Japan to European food, shoes and textiles. According to *The Economist*, European firms currently pay €1 billion in tariffs annually to Japan, but it is estimated that the deal will see exports rise 34% to Japan, and conversely 29% to the EU. The

ensures that 80% of legislators are amenable to constitutional revision, although protests against rewriting the war-renouncing Article 9 have already emerged, and polls show only a minority of public support for change. Most want the Abe government to focus on social welfare – particularly pensions, health and childcare, the declining birthrate, and the economy.

In his first Diet policy speech after the election, Abe said his government would put the maximum amount of pressure on Pyongyang, restart discussions on constitutional revision, and deliver on campaign promises such as free childcare and kindergarten for those aged three to five.

Escalating regional tensions and disarray among the opposition parties have certainly contributed to extending



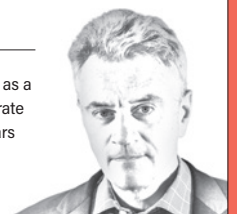
EPA will also remove non-tariff barriers such as alignment of product safety and environmental standards for cars, textiles and medical devices.

The EPA has been a sidebar of the Abe government's longevity and legislative supermajority, which, among other byproducts, may allow the prime minister to revise Japan's post-war constitution in a security environment where all eyes are on North Korea.

According to the *Nikkei* newspaper, the LDP's majority

Abe's tenure, but whether his Arrows find a deeper economic bull's-eye will ultimately dictate whether the Abe Years are known mainly for duration or for deeds, and whether Japan's demographic woes, mountain of public debt, and predilection to put off tough choices actually become a hard target or are left in the pasture for the unfortunate next archer. ●

Dan Sloan has covered Asia as a journalist, author and corporate content chief for over 20 years





Change on the horizon

The Economist's Japan Summit 2017

In the last general election, the Japanese people gave Prime Minister Shinzo Abe a mandate to lead the country for another term with a two-thirds majority in parliament. The result empowers him to take a tougher stance on North Korea, restart several nuclear power plants, and take steps to revise Japan's constitution.

Trade and Industry Hiroshige Seko, spoke about the importance of Abe's re-election.

"We have political stability, and there are not too many industrialised nations that are blessed with this," he said, speaking through an interpreter. "I think we have to capitalise on this to the full."

One issue Seko addressed at length was the country's ageing society. He assured the 160 business executives, diplomats and academics in the audience that the government

was taking the issue very seriously.

"There's not just one answer that I can pull out of a hat; a number of policies and strategies need to be implemented," he said. "This is a crisis that Japan is facing; but in a variety of ways, it is also an opportunity for Japan."

Seko suggested that technology being developed may soon provide some important solutions to help

support the elderly, mentioning delivery drones and driverless cars.

Autonomous driving featured extensively in a session called "Fast-forward: Industries of the future". Maarten Sierhuis, director of the Nissan Research Center, Silicon Valley — who is developing AI technology for Nissan's autonomous vehicles — shared his firm's road map for bringing autonomous technology to market.

"In 2018, you'll be able to do lane changes autonomously," he explained. "By 2020, we will have ProPILOT technology for use in the cities. But in these cases, the car is not driverless ... When we get to 2022 and

2025, that's when I think you will see industry level 4 [being driverless in specific geographical areas], and industry level 5 technology [where there is no steering wheel and the driver is a passenger]."

Sierhuis added that over the next decade, there will be an increase in the number of firms experimenting with robo-taxi services and robo-delivery services. This is technology that could help the government deal with Japan's worsening labour shortage.

At the event's concluding spotlight interview, Hideki Makihara, state minister for the Ministry of Health, Labour and Welfare (MHLW), talked about the government's plans to ease the severity of the country's shrinking labour force. Two key plans involve raising the retirement age and further increasing female participation in the workforce.

"If women want to return to work after the birth of their children, they should be able to do so," Makihara said through an interpreter. "If the consumption tax is raised, the extra tax revenues will be used to build nurseries and kindergartens, and to provide child allowances."

Additionally, the MHLW has drafted a bill on work-style reform that aims to limit overtime, promote equal pay for equal work, and encourage flexible work styles. The government is also trying to implement measures to improve people's work-life balance.

"We want people to have more time with family and more time to find a partner," he said. "It's not just about having a long life, but a healthy long life. That's something we want to see." ●



Hiroshige Seko, Minister of Economy, Trade and Industry

On 26 October, four days after Abe's election victory, the Hotel Okura Tokyo hosted The Economist's Japan Summit 2017, titled "A new dawn?". In addition to discussions on what the election results will mean for Japan, interviewees and panellists from a wide range of industries spoke about changes on the horizon in areas such as technology, energy, tourism and the economy.

In the event's keynote interview, Minister of Economy,



Amid considerable hype, Sony launched its PlayStation VR just over a year ago. With its 1920x1080 pixel OLED screen pumping out eye-popping graphics at 120 frames per second (fps), the virtual reality headset gives PlayStation users a new level of immersive gaming. The headset wasn't the first virtual reality (VR) gaming system, but it has been one of the most popular, selling over one million units and spawning a follow-up version. And as VR cements its foothold in the consumer space, observers have been turning their attention to how businesses can use the technology.

Indeed, a study by IDC predicts that worldwide spending on VR and augmented reality (AR) — in which graphics and data can be displayed over video feeds — will at least double in growth every year through 2021. Western Europe is expected to see spending of \$2 billion this year, behind an estimated \$3.2 billion in the US. Outside the consumer space, it's anticipated that the demand for VR and AR technologies will rise in areas such as training for manufacturing jobs, on-site assembly, public industrial maintenance and physical rehabilitation, as well as in government, retail, medicine and transportation.

Companies such as Airbus are using VR and AR to accelerate design and production. Engineers use handheld devices to project 3D models on top of actual aircraft in order to check part size and positioning. As a result, the time required to inspect 60,000 brackets used on an A380 fuselage, for example, has dropped from three weeks to three days, according to the company.

Other manufacturers are trying to engage customers with VR experiences. With its Audi VR Experience, Audi has been offering customers virtual demos of its vehicles — including customisation options — with ultra-realistic imagery in a high-resolution, 90 fps VR headset and Bang & Olufsen headphones that reproduce engine sounds and in-car stereo systems. The setup can showcase every Audi car in production at

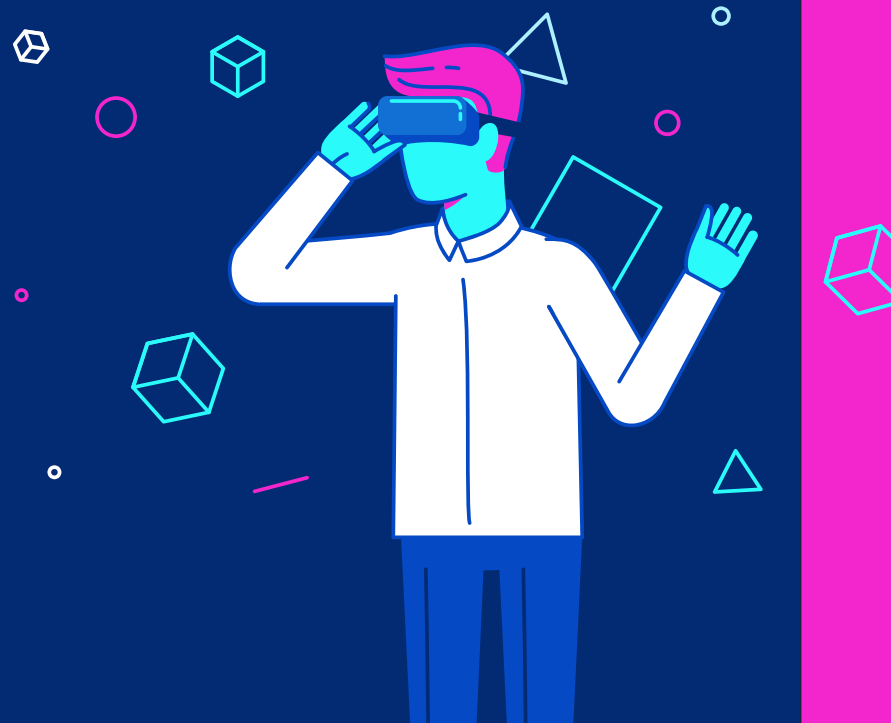
numerous scenarios in specific European locations — even a pitstop during a Le Mans sports car endurance race.

The industry potential for VR and AR is certainly broad, but how can it help you in a regular office job? Well, an app called VirtualSpeech can help you with preparation for your presentations. Using a smartphone inside Google Cardboard or a VR headset, you can practice your speech before a photo-realistic audience in settings that include conferences, job interviews and weddings. The app can track your eye contact with attendees, your speaking pace and how many filler words — the “ums” and “ahs” — that you inadvertently utter. Who knows — it might even ease your stage fright. ●

“VR and AR [are being used] to accelerate design and production”

The new reality

VR's workplace potential





On a quest to meet unmet needs

Boehringer Ingelheim's Research Beyond Borders programme

King Arthur sought the Holy Grail; Captain Ahab the White Whale; and Dorothy the Wizard of Oz. German pharmaceutical firm Boehringer Ingelheim is also on a quest, or, rather, a number of concurrent quests — to find unmet medical needs and develop effective treatments for them.

“There’s a quest for therapies, and companies need to find truly innovative ideas,” says Thorsten Pöhl, president and CEO of Boehringer Ingelheim Japan. “The challenge is to find the right ideas that can be developed through to a final treatment, which can then be used by patients. You have to show significant differentiation over existing therapies, otherwise you will not be successful.”

In order to see each of its quests through to the end, research and development (R&D) is of the utmost importance. The company has four dedicated research centres around the world, one of which is in Japan — the Kobe Pharma Research Institute. Further proof of Boehringer Ingelheim’s commitment to R&D is that 20% of its net sales are invested in innovation, well ahead of the industry average of 12% in Japan.

Between 2015 and 2020, the firm is spending €11 billion on R&D programmes globally — €5 billion of which has been set

aside for pre-clinical research, and €1.5 billion of that for collaborative projects with partners external to the company.

All the research Boehringer Ingelheim is involved with outside its own labs is referred to as “open innovation”. And one of the main ways it engages in open innovation is through its Research Beyond Borders (RBB) programme.

“We look for researchers with great ideas, who we can have collaborations with and support — to help them further develop their ideas,” explains Pöhl. “RBB is a win-win situation; it bridges the original scientific idea with our vast experience in developing drugs, to end up with a safe, approved treatment.”

The firm is working on RBB projects in Germany, the US, China and Japan. Currently, four of these projects are being conducted here, with one more set to start soon.

The most recent of these, announced in October, is a collaboration with Nagoya City University on diabetic retinopathy. The disease is one of the major complications of diabetes and is caused by damage to capillaries in the retina. One-third of the 300 million people worldwide with diabetes are said to show signs of diabetic retinopathy, and it is the leading cause of vision impairment and blindness among adults between the ages of 20 and 74. The aim is to learn more about the pathology of the disease in order to find new treatment methods and, ultimately, to improve patients’ quality of life.

Another of Boehringer Ingelheim Japan’s RBB projects is centred on diabetes-related research. Kobe University’s Professor Wataru Ogawa — whose area of specialisation is the relationship between

insulin and diabetes — and Boehringer Ingelheim researchers are pooling their knowledge to develop new drugs for type 2 diabetes caused by insulin resistance. In particular, the project is focusing on non-alcoholic fatty liver disease and non-alcoholic steatohepatitis, both of which are complications linked to insulin resistance that can result in cirrhosis or even cancer of the liver.

“This joint research is very promising,” says Pöhl, “and it fits in with one of our core therapeutic areas, diabetes.”

A third RBB project in Japan is looking into chronic obstructive pulmonary disease (COPD), a life-threatening lung disease, that can cause respiratory and heart failure. Although treatments are available that can ease the symptoms,

there is no cure. Working with Boehringer Ingelheim on this project is a research group at Kyoto University’s Department of Respiratory Medicine that has analysed the disease at the molecular level and made numerous discoveries about its characteristics. The pharma firm also brings considerable expertise to the table, having done research into respiratory diseases for over 95 years.

“We are very knowledgeable about COPD,” notes Pöhl, adding that the project will hopefully lead to a greater understanding of what happens in patients with COPD, as well as methods of early diagnosis and more radical treatments.

Research Beyond Borders doesn’t only mean that Boehringer Ingelheim goes outside its labs, it can also mean going beyond its four core

therapeutic areas of cardio-metabolic, the central-nervous system, immunology and respiratory, and oncology.

The RBB programme started in Japan in 2016 with one such project dealing with hearing loss.

“Hairs in our inner ears pick up on soundwaves and are responsible for making the signals that are transmitted to the brain; but, as we age, these little hairs are subject to deterioration and loss,” explains Pöhl. “This is a big unmet need because there are so many people that have hearing impairment worldwide.”

The goal of this project is to develop a revolutionary new therapy for sensorineural hearing loss — one of the most common physical disabilities — that will regenerate

“We look for researchers with great ideas ... to help them further develop their ideas”

hair cells in the inner ear. If Boehringer Ingelheim is successful, it will come as welcome news to an ageing world.

“We really believe in the strengths of Japanese research,” states Pöhl. “Japanese researchers go to the roots of phenomena — there’s a lot of energy and potential for innovation here.”

At the foundation of these collaborations is the desire to establish long-term relationships; business concerns are secondary.

“We have really human-centric values that are not about sales or maximising profits,” Pöhl says. “Our values are respect, trust, empathy and passion, which I think are core ingredients for good relationships.”

It also helps that Boehringer Ingelheim is not listed on the stock market. The firm can pursue its quests over the long term, without needing to change course based on short-sighted demands from shareholders. “We don’t want to satisfy the stock market every quarter; we want to satisfy customer needs,” says Pöhl. “And that’s a good platform for collaborating.” ●



Towards a sustainable Tokyo

Governor Yuriko Koike shares her vision for the city

"Martial arts are a good place to draw inspiration when pursuing reform," said Tokyo Governor Yuriko Koike during a talk — entitled, A sustainable Tokyo for 2020 and beyond — given to a packed banquet hall of European and Japanese business leaders.

The event, held at the Hotel New Otani on 22 November, was organised by the French Chamber of Commerce and Industry in Japan, and co-hosted by the European Business Council and 14 European chambers of commerce.

Koike cited the martial arts concept of *shingitai*: *shin* (mind), representing compassion; *gi* (skill), representing technological innovation; and *tai* (body), representing the institutions and systems that help make reform possible.

"With a focus on these qualities, I'm working to create a new Tokyo that is three cities in one," she said, namely, a safe city, a diverse city and a smart city.

One example of how the governor is working to make Tokyo safer is through an initiative to remove utility poles around the metropolis. At present, Japan has more than 35 million of these poles, roughly the same number as cherry trees.

"This will not only create a more appealing city space," she observed, "but will make the

city safer in the event of a disaster, as these poles can fall over and block roads."

With regard to making Tokyo more diverse, Koike said there is "significant room for improvement". She referred to Japan's low ranking in the World Economic Forum's Gender Gap Index for 2017 — 114th out of 144 countries — as "disappointing", but noted that the Tokyo Metropolitan Government (TMG) was trying to lead by example.

"While we still lag behind our European counterparts in terms of women in the workforce, [the TMG] currently employs 170,000 people and 30% of those working in government administrative services are women," she stated, adding that 20% of employees in management positions are female. "I hope to promote even further participation for women in society."

Koike's definition of a smart city includes seeing Tokyo become a world leader in the areas of finance and the environment, and that this is "para-

mount to achieving sustainable growth".

"We are stepping up efforts to attract firms in growth sectors, such as IoT and AI," she said, "as well as asset management and fintech."

In terms of the environment, 11% of the Tokyo metropolitan area's energy consumption in fiscal 2015 came from renewable sources, and the TMG aims to raise this to 30% by 2030.

"Our goal is for Tokyo to develop sustainably in order to become a truly mature society that exists in harmony with the environment," Koike stated. "We are also striving towards a zero-emissions Tokyo that produces absolutely no CO₂ emissions."

The 2020 Games is an opportunity to show the world that Tokyo is a model of a sustainable society, according to the governor. One way the government will do this is by making 5,000 Olympic and Paralympic medals from the city's "urban mine".

"The Tokyo Metropolitan Government is cooperating with the Tokyo 2020 Organising Committee to collect used and outdated cell phones and small electronics to harvest components that will be turned into the medals presented to Olympians," she explained.

Mobile phones contain 0.008g of gold, 0.26g of silver and 12g of bronze. To date, some 70,000 devices have been donated at Tokyo's government buildings in Shinjuku.

Koike concluded by saying she was eager to make the Tokyo 2020 Games a success, but that her vision for the city doesn't stop there.

"I hope that [you] will join us in stimulating innovation across many fields," she said, "and together, work to build a sustainable future for 2020 ... and beyond." ●





Food and Agriculture

The power of political will

When Olivier Convert talks about the aims and activities of the EBC Food and Agriculture Committee, the phrase “political will” comes up quite often.

“**Things move slowly** with Japanese regulations,” explains the committee chairman. “But that can change if there’s the political will on both sides.”

Many of the committee’s advocacy points, ranging from tariffs to approval for new ingredients, have been around for a long time. Yet, they’ve all seen rather slow progress.

The agreement in principle on a Japan–EU Economic Partnership Agreement (EPA), announced in July after several rounds of negotiations, offers hope that some of the issues will eventually be resolved.

“Clearly, there was the political will to reach an agreement,” Convert says.

He adds that the deal marks the start — rather than the conclusion — of intense efforts by the committee over the coming years.

Fellow committee member Francois Stroobant, country

manager for confectionary maker Perfetti Van Melle Japan Services, expects it will be around 10 years before there is a significant breakthrough. By that time, he believes, tariffs affecting some of his company’s products, which include the Mentos and Frisk brands, will have come down.

“We pay a 25% duty on sugar-based candy and 15% on sugar-free,” he explains. “Considering these are mass-market products, competing with many local competitors, this comes as a cost-disadvantage for us. I guess we’ll have to be patient.”

Even so, a surge of partial progress has been seen on another important issue: additives. After a scoping exercise — preceding the announcement of the EPA — Japanese authorities gave the green light to the use of a particular food additive in June.

Advocacy issues

➤ Tariffs and quotas

The EPA should serve as an opportunity to eliminate tariffs on European food products shipped to Japan.

➤ Additives and enzymes

Japan should impose legally binding deadlines on the process for approving additives and enzymes.

➤ Malt and quota system

Japan should abolish tariffs on brewing malt, thereby eliminating the need for European suppliers to use the quota system.

“That’s something we had been hoping for — for the past 15 years,” Stroobant says. “It will [lead to] a lot of improvements, and not only in our factories. In the end, we’ll deliver a better product to the consumer.”

The committee has a lengthy section on additives and enzymes in the EBC’s 2016 white paper. Approval processes are slow and lists of approved ingredients differ between the EU and Japan, according to the paper.

“Having an alignment on food additives between Europe and Japan would be greatly beneficial for many companies, not just European ones,” Stroobant notes.

He isn’t certain why the Japanese side decided to offer the concession when it did, although he suspects it could have been a sign of willingness to work together with the Europeans for the sake of freer trade.

Convert says the remarkable progress achieved by European pharmaceutical makers in Japan in recent years gives him some hope for the food industry. In the past, Japan was notorious for requiring long periods before agreeing to approve new drugs. But the mindset among regulators did an about-turn.

“I’ve been surprised to learn that several representatives of European pharmaceutical firms say that in Japan now — when looking at statistics — it’s possible to get the quickest approval for new medicines,” says Convert, whose company, Roquette Japan K.K., is also in the business of pharmaceutical raw materials.

The change was largely prompted by concern over Japanese patients’ welfare; giving them access to the latest drugs from overseas can vastly improve their quality of life. The new attitude has also led to some multinational firms viewing Japan as a good place to conduct medical research.

The committee’s priority now is the implementation of the trade deal, which Convert says was rushed for political reasons — yet also expresses a common political willingness to get things done.

“Now we need to delve into the content,” he says, “and the practical aspects.” ●

Japan Inc. takes a bow

Over 100 companies recognised for LGBT awareness efforts

Is the surge we are seeing in LGBT awareness and equality policies among employers in Japan simply because it is so long overdue? The sudden rise in inclusion programmes, LGBT-friendly policies and targeted improvements among companies in corporate Japan — both in number and quality — is palpable.

On 11 October, the second annual work with Pride (wwP) awards ceremony was held in Tokyo, and the event was a testament to the dramatic change taking place. A total of 109 companies were presented with Gold, Silver or Bronze certificates based on the programmes, policies and activities they have implemented to improve their respective environments for LGBT employees. This was an almost 40% increase in the number of companies recognised since last year.

The wwP awards were started as a way to publicly highlight best practices and, in doing so, give businesses in Japan ideas on how to enhance inclusion and promote equality. Similar initiatives exist overseas and have proved to be increasingly sought-after distinctions among firms competing to attract and retain valued staff.

Prior to announcing its selections, the wwP organisation unveiled intriguing data about which industries are moving ahead most on LGBT employment issues in Japan. In 2017, the telecommunications

and technology industries led all others in progress — with 26 of their companies awarded this year. Following close behind were, in descending order, the financial, service, shipping and logistics, retail, and research and engineering sectors. Similar to 2016, large enterprises made up 80% of those awarded this year, with small and medium-sized companies accounting for the remaining 20%.

So, how are companies graded? Each one is ranked according to its policies, representation, inspiration, development and engagement/empowerment, spelling out the word PRIDE. To apply, employers fill out a survey disclosing their efforts in key areas, which may include spousal recognition, equal benefits programmes, employee clubs and networks, staff awareness training, unisex facilities and public engagement on

social and political issues.

A host of Japanese and global firms — many of them household names — were singled out for best practices: Mizuho, NTT, Fujitsu, EY,

Johnson & Johnson, Marui, Starbucks, LIXIL, JAL, Omron, Unilever and IBM were just a few of the many companies recognised.

For the second year, the firm I work for, UBS Securities, was awarded Gold for its efforts. But I think the bar is moving higher, and more quickly than ever before. We will need to continue building on our outreach, communication, education and benefits programmes to proudly defend this distinction next year.

Each summer, wwP begins accepting applications, and the organisation presents its awards in the autumn. ●

the bar is moving higher, and more quickly than ever before

Jason Kendy is head of Corporate Communications & Branding at UBS Securities (Japan).



PHOTO: STEVE MORIN



2017: A year in wine

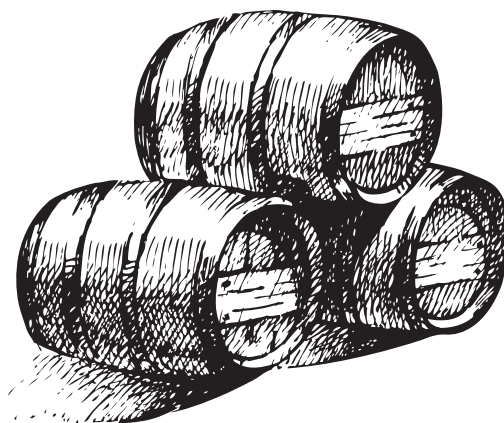
Trials, tribulations and the best of the best

The year 2017 was perhaps one of the most devastating for wineries on record. Atypical weather and raging fires destroyed grape vines and ruined crops in some of the world's best wine regions.

In Italy and France — two of the world's top wine-producing countries — hailstorms, spring frosts, and a heatwave nicknamed "Lucifer" diminished the countries' grape crops to their lowest amounts in over 60 years. The 2017 Italian harvest is 25% lower than last year's, with Tuscany, Sicily, Puglia, Umbria and Abruzzo faring worse than other regions. However, northern Italy, though still seeing a drop in yields, might see high-quality grapes from this vintage. Certain Barolo producers are claiming that with 2017's smaller grapes come better concentration and complexity.

In France, 2017 yields are down by 18% compared to the 2016 harvest. The nation wasn't hurt quite as badly as Italy, but its most famed wine region, Bordeaux, saw yields decrease by 50%. Saint-Emilion on Bordeaux's Right Bank was, perhaps, the hardest hit. One of the region's vineyards, Château Grand Corbin, saw a 90% loss this year. The Loire, known for its stoic Cabernet Franc and Chenin Blanc, and Alsace's famous white grapes, also suffered.

So, what does this mean for the wine consumer? Experts are saying that there will be no heavy upswings in prices for middle- and top-tier wines; and recent past vintages



should keep liquor shelves and restaurants well stocked. Where it's expected to show is in bottom-tier wines, where the dramatically lower yields weigh much more heavily on those wineries' cost margins.

Europe was not the only victim of Mother Nature's ferocity in 2017. Napa and Sonoma, California's premier grape-growing regions, were ravaged by wildfires in early October. Direct damage has been reported by 14% of Napa's wineries, but only a handful of these have said the damage is significant. Napa Valley Vintners reports that, luckily, an estimated 90% of grapes had been picked

before the fires began, leaving only thick-skinned Cabernet Sauvignon grapes on the vine — the region's claim to fame.

What many are worried about is the smoke's impact on the taste of the 2017 vintage; wine is notorious for reflecting these subtleties. Take, for instance, the Cabernet Sauvignon from Australia's Coonawarra region. Its iconic menthol smell is a characteristic derived from the eucalyptus trees neighbouring the vineyards. It's easy to assume that the smoke will create a much less pleasant aroma.

A few world regions fared far better than these. Germany — in spite of experiencing similar springtime frosts as their unlucky neighbours — had an unusually early harvest with excellent grape ripening. South Africa reported an increase in yields and high-quality grapes due to a drop in average nighttime temperatures.

For the fine wine lovers of the world, we will need to wait years before we get to taste the tumultuous vintage of 2017. ●



PinkBall 2018

Friday, March 23
The Westin Tokyo, Galaxy Ballroom
¥35,000/seat, ¥350,000/table

Pink Ball is a black-tie gala bringing together those in the community who share a commitment to fighting breast cancer as a life-threatening disease in Japan. This year's guest chefs preparing a five-course dinner are Hiroshi Yamaguchi, General Manager and Executive Chef of Kobe Kitano Hotel; and Kazunori Otowa, Owner Chef of Otowa Restaurant—both members of Relais & Châteaux.

Run for the Cure® Foundation's mission is to bring greater awareness, diagnosis and treatment among Japanese women of all ages, especially in medically underserved regions nationwide. Funds raised support the Foundation's outreach educational initiatives, including The Lemon Project seminars held at companies, schools, and community centers; and the bilingual quarterly PINK magazine.

www.runfortheure.org

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Minato-ku, Tokyo

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Gavin Murdoch

Company: DHL Supply Chain

Official title: President and Representative Director

Originally from: Belfast, Northern Ireland

Length of time in Japan: Three years this time (seven in total)

Hungry? Where do you like to go for a bite?

My local noodle restaurant.

What do you do to stay in shape?

Golf in the summer, skiing in the winter and some jogging in between.

Name a favourite movie:

Léon: The Professional.

Favourite band: The Rolling Stones.

Favourite album: Coldplay's *A Rush of Blood to the Head.*

Favourite TV show: The BBC show *Have I Got News for You.*

Favourite book: *The Da Vinci Code* by Dan Brown.

What's something a lot of people don't know about you?

I worked as a lighting technician in London theatres during my student days.

Cats or dogs?

Dogs.

Summer or winter?

Winter.

What's your ideal weekend?

Spending time with my boys.

Where do you go for a drink after a busy week?

What the Dickens! in Ebisu.

"I worked as a lighting technician in London theatres during my student days."



Nicholas Kringle

Company: The Workshop

Official title: Founder and CEO

Originally from: North Pole, Arctic Circle

Length of time in Japan:

Only one business trip annually

Hungry? Where do you like to go for a bite?

Bakerbots in Toronto, Ontario. Their cookies are the best in the world!

What do you do to stay in shape?

Frankly, not much. But I've asked the Missus for a Wii Fit Plus for my next birthday.

Name a favourite movie: It's a toss-up between *Scrooged* and *Transformers*.

Favourite musician: John Coltrane. I love his version of "Greensleeves".

Favourite album: *The Downward Spiral* by Nine Inch Nails. I usually listen to it in the sleigh.

Favourite TV show: *Game of Thrones*.

Favourite book: *Successful Chimney Sweeping* by The Chimney Safety Institute of America.



What's something a lot of people don't know about you?

I'm lactose intolerant.

Cats or dogs?

To be honest, I'm not a fan of either. I can't tell you the number of times I've been scratched or bitten.

Summer or winter?

Summer. Winter's my busy season.

What's your ideal weekend?

No department stores. No kids.

Where do you go for a drink after a busy week?

Home. I always keep a hot toddy close.

**"Ideal weekend?
No department stores. No kids."**

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The Agenda

DEC
14CZECH CHAMBER OF COMMERCE AND
INDUSTRY IN JAPAN

7th Czech Business & Culture Networking Christmas Event

TIME: 18:30-20:30**VENUE:** Czech Embassy in Tokyo**FEE:** ¥4,000 (members), ¥6,000
(non-members)**CONTACT:** event@cccij.comJAN
27

3rd Inter-Chamber Ski Race*

TIME: From 09:30 (08:30 register)**VENUE:** Happo-One, Nagano**FEE:** ¥2,500 (adults), ¥1,250 (minors,
under 20)**CONTACT:** <https://goo.gl/Wm81qV>* Organized by Austrian Business Council.
Fee does not include accommodation, transport
or evening/awards party.DEC
14BELGIAN-LUXEMBOURG CHAMBER OF
COMMERCE IN JAPAN

Bonenkai Luxembourg wine gathering

TIME: 19:00-22:00**VENUE:** Luxembourg pop-up café,
Hamacho, Chuo-ku**FEE:** You pay for what you drink.**CONTACT:** info@blccj.or.jpJAN
31FINNISH CHAMBER OF COMMERCE IN
JAPAN

FCCJ Shinnenkai Club Evening

TIME: 19:00-21:00**VENUE:** Scandinavian Center, Akasaka**FEE:** ¥4,000 (members), ¥6,000
(non-members)**CONTACT:** fccj@gol.comDEC
14ITALIAN CHAMBER OF COMMERCE IN
JAPAN

How to Make Delicious Biscotti at Home

TIME: 18:00-20:00**VENUE:** ICCJ event space**FEE:** ¥3,000 (members), ¥4,500
(non-members)**CONTACT:** projects@iccj.or.jpFEB
1IRELAND JAPAN CHAMBER OF
COMMERCE

Joint Networking Event with ACCJ

TIME: 19:00-21:00 (doors open at 18:45)**VENUE:** Irish Ambassador's Residence**FEE:** ¥5,500 (members), ¥8,000
(non-members)**CONTACT:** secretariat@ijcc.jpDEC
14SWISS CHAMBER OF COMMERCE AND
INDUSTRY IN JAPAN

"The Blockchain and Us" – Movie screening and Q&A with director Manuel Stagers

TIME: 19:00-21:00**VENUE:** Okuno & Partners**FEE:** Free of charge**CONTACT:** info@sccij.jpFEB
19SWISS CHAMBER OF COMMERCE AND
INDUSTRY IN JAPAN

Luncheon: Kengo Kuma, architect

TIME: 12:00-14:00**VENUE:** Shangri-La Hotel, Tokyo**FEE:** ¥6,500 (members), ¥7,000
(non-members)**CONTACT:** info@sccij.jpJAN
19SWISS CHAMBER OF COMMERCE AND
INDUSTRY IN JAPAN

Luncheon: Daiju Aoki, UBS Wealth Management

TIME: 12:00-14:00**VENUE:** Grand Hyatt Tokyo**FEE:** ¥6,500 (members), ¥7,000
(non-members)**CONTACT:** info@sccij.jpMAR
17IRELAND JAPAN CHAMBER OF
COMMERCE

I Love Ireland Festival 2018* (also March 18)

VENUE: Yoyogi Park, Shibuya**FEE:** Pay for what you purchase**CONTACT:** secretariat@ijcc.jp* Live Irish music and dancing, food, drink
and culture

MARI HORI,
MEMBERSHIP DIRECTOR

Tokyo American Club

It's impossible to put a figure on the number of friendships forged at Tokyo American Club (www.tokyoamericanclub.org) over the years. Since its founding in 1928, the club has served as a hub for Tokyo's international and Japanese communities to nurture relationships in a welcoming environment.

"The affection our members and their families feel for the club lasts long after they leave Japan," says Mari Hori, membership director at Tokyo American Club.

Members of the club — in its stunning venue in Azabudai — enjoy a wealth of dining, recreational and business facilities, as well as a packed calendar of events and classes. ●

Bringing Vietnamese Culture to the World

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