

EURO BIZ JAPAN

DECEMBER 2018

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FOUNDER & CEO

DESIGNING A REVOLUTION

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real estate in record time*




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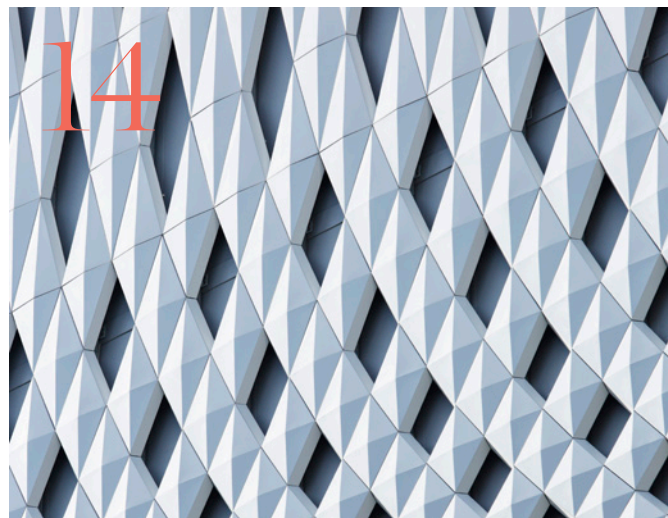
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The Mission of the European Business Council
To promote an impediment-free environment for European business in Japan.



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Designing a revolution

By Toby Waters





First Focus

The illumination, a popular winter tradition in cities around Japan, originated with Sapporo's first White Illumination event in 1981 when 1,048 bulbs were put on display in the city's Odori Park. This year, more than half a million light bulbs have been hung and will be up until Christmas Day.

If you're not dreaming of a white Christmas, maybe this will inspire you to dream of a neon one.

Photo by tkyszk
[Shutterstock.com]



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.

➡ *“With a few notable exceptions, Tokyo might be thought of as an architect’s worst nightmare — a hotchpotch of ferroconcrete carbuncles built with little thought for aesthetics. But that lack of planning — along with the city’s sheer size and penchant for rebuilding — has opened the door to European designers who insist that Tokyo is, in fact, an architect’s dream.”*



Writing in and about Japan since 2000, **Gavin Blair** contributes articles to magazines, websites and newspapers in Asia, Europe and the US on a wide range of topics, many of them business related.

➡ *“After years of complex negotiations, the EU–Japan EPA trade deal is at the final stages. Though there is much work still to be done, this is undoubtedly a huge milestone. As a Brit, I inevitably found myself thinking that the UK is going to leave this next year and potentially have to start from scratch on a separate deal.”*



Charles McIlilton is a social entrepreneur and founder of four nonprofits that tackle the issue of food security in Asia. He is also the co-chair of the ACCJ's Sustainability Committee.

➡ *“Nonprofits are often put into a box labeled ‘Doing good’; companies are put into the ‘Earning profit’ box, and corporate engagement only happens when firms feel the need to give back to society. Being put into boxes limits our full potential for collaboration and engagement, so rethinking the roles of companies and nonprofits can open up opportunities for partnerships that are mutually beneficial.”*



Tom Elliott is deVere Group's international investment strategist. He produces videos, blogs on a wide range of topical investment issues, and regularly speaks at seminars for clients at deVere offices around the world.

➡ *“Is the Japanese economy strong enough to handle tighter monetary policy from the central bank? The much-anticipated tightening to curtail the Bank of Japan’s quantitative easing policy — in line with policies being taken by the US Fed and the ECB — may have to be abandoned in view of disappointing third-quarter GDP data. This is likely to have negative implications for the yen.”*

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FROM EUROBIJ JAPAN

TEXT BY ANDREW HOWITT

Command attention

When French architect Jean Nouvel won the prestigious Pritzker Prize for architecture in 2008, the jury highlighted “his insatiable urge for creative experimentation”. Each project he undertakes is governed by a unique concept created specifically for each location. One building Nouvel designed is the 47-storey Dentsu Building in Tokyo’s Shiodome district. The building, with one side of its elegant façade curved like a boomerang and the other flat, looks different depending on where you’re standing — but always commands attention.

Sadly, distinctive structures such as Nouvel’s are the exception in Tokyo. The city’s architecture is considered largely uncreative and unremarkable. But European architects and designers based

here are determined to bring more imagination, individuality and beauty to the cityscape. Read Justin McCurry’s “Gems among the concrete” (page 14) to find out about some of them and their eye-catching work.

Nouvel has lent one of his designs — a modular prefabricated home called Simple — to the entrepreneur featured on this month’s cover, Robbie Antonio of property-tech firm Revolution Precrafted. Antonio has collected designs from 81 renowned architects and embarked on a global project to make attention-grabbing accommodation

more accessible and affordable. Learn about Antonio’s venture in Toby Waters’ “Designing a revolution” (page 10).

As at the end of every year, it’s time to focus our attention on the latest EBC white paper. Gavin Blair’s “Ready for a new relationship” (page 18) puts five committees in the spotlight, showing that good progress has been made on several issues, but also that there will be new challenges to face as the EPA comes into force next year.

Continue to command attention in the new year by not quenching your urge for creative experimentation. It’s what will help you stand out. ●

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INVESTING IN JAPAN

TEXT BY TOBY WATERS

PHOTOS BY REVOLUTION PRECRAFTED

DESIGNING A REVOLUTION

Revolution Precrafted
delivers real estate in
record time

Legend has it that Sunomata Castle in Gifu Prefecture was built in only one night, by soldiers during a siege. It's said they used pre-built castle parts and fit them together under cover of darkness. While the account of such swift construction is an exaggeration, there are many who — knowing how long it can take to build a property — would covet the expertise of Sunomata's 16th century builders. Today there is a global firm that is rivalling this legendary efficiency — only this time, it has roots in the Philippines and a serious real estate pedigree.

“I grew up in a household that was immersed in the business of real estate,” says Robbie Antonio, CEO of Revolution Precrafted. “But, after I started out as a developer, I wanted to show that I could make it on my own, using my own contacts and experience. I wanted to explore a niche that I could own, and so I thought of branded prefab structures.”

Revolution Precrafted is a global property-tech company that is upending traditional firms by offering designer, prefabricated buildings that can be completed within two or three months — less than half the time of a typical job. Time saved on building also translates to reduced costs, which are passed on to the customer.

“Revolution Precrafted is one of the fastest-growing unicorn companies in the world,” Antonio explains. “It was launched in December 2015 and has since expanded its footprint to 27 countries in Asia, Europe, Africa, North and South America, the Caribbean and Australia. We currently have a total gross market value of \$8.7 billion from our current pipeline of projects.”

And its portfolio of products on offer is diverse, covering seven categories: prefabricated homes, pavilions, museums, furniture,

glamping accommodation, retail pop-ups and low- to mid-rise offices.

“At the moment, we are the only branded prefab company in the world,” says Antonio.

This unique approach to real estate construction means that the company has seen its fortunes rise almost as quickly as the building of its properties.

Revolution Precrafted's first project was in the Philippines — the \$1.1 billion Batulao Artscape art park, which, according to Antonio, “embodies what we strive for: the convergence of art, design, fashion and architecture”. Then, almost immediately, the firm's expansion abroad began, and it has already seen success in Europe, proving the feasibility and desirability of its business model.

“Prefabricated structures are quite popular in Europe, particularly in the Scandinavian market,” according to Antonio. “And more and more countries are seeing the benefits of

“Our revolutionaries serve as the backbone of our business”



Wooden Cloud by
Kengo Kuma



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reliable prefab structures that can be built faster, and much more affordably.”

The firm is working on a medium-rise tower in Helsinki, Finland, in cooperation with the Scandinavian developer Alvardag. It is a project that is certain to strengthen Revolution Precrafted’s presence across northern Europe.

The business is also spreading across Mediterranean Europe. It has arranged a partnership with Neinor Homes in Spain to build prefabricated homes in the Navarra region and the province of Castellon, and it is working on a residential project in Nicosia, Cyprus, with Cyprus Trading Corporation.

Japan, too, is fertile ground for Revolution Precrafted to make real progress.

“We are just beginning to explore possibilities in Japan,” Antonio reports, noting that the firm is currently finalising plans to develop 85 luxury boutique hotel villas on Miyako Island in Okinawa. “Tourism in Japan is particularly well developed, and we believe that there is space for prefabricated structures in the Japanese hospitality sector.”

But while the company’s expansion is important, Antonio has been careful not to sacrifice quality or produce buildings by the numbers, so it has hired a number of experts he has dubbed “revolutionaries”.

“The business model of the company allows customers to own homes designed by some of the world’s best architects, artists and suppliers,” he says. “This is thanks to an exclusivity agreement with 81 revolutionaries that come from the fields of architecture, furniture design, fashion and sports.



The Infinity Ring by
Sou Fujimoto

“Our revolutionaries serve as the backbone of our business,” he adds.

The paramount importance of architectural bona fides was clear to Antonio from the very beginning of the project.

“We made a conscious decision to approach architects and designers who are really accomplished in their fields,” he explains. “More than that, we approached those who I personally admire, such as Zaha Hadid Architects and Jean Nouvel, because we wanted to demonstrate it is really possible to collaborate with people of their calibre and create amazingly beautiful designs.”

According to Antonio, it isn’t just the opportunity to collaborate with a unique developer that attracts these revolutionaries, but the combination of artistic freedom with affordable real estate.

“We usually give them parameters in terms of the cost so the designs will be feasible, but apart from that, the revolutionaries are free to submit designs that they feel strongly about,” he explains. “We also encourage them to submit designs that

bear their trademark look and feel. Meanwhile, some revolutionaries also reach out to us because they believe in what we are doing and want to help democratise design and make it accessible to everyone.”

Pritzker award-winning architects Christian de Portzamparc, Philip Johnson Allan Ritchie Architects, Paulo Miguel da Rocha, and Tange Associates are also among the revolutionaries who have signed up to the project. And Antonio can boast of having drawn on talent from Japan.

“Some of our standout pieces include Steel Cloud Pavilion by Kengo Kuma and Infinity Ring by Sou Fujimoto,” he states.

Revolution Precrafted is working towards the ambitious goal of being present in 35 countries by the end of this year and in 85 to 100 countries by the end of 2020.

“We are also looking at expanding our product portfolio to include prefab schools, clinics and similar structures,” says Antonio. “These efforts are crucial for us to achieve our revenue goals, and our goal of expanding our presence globally.”

It’s a long time since Sunomata Castle was built, whether in one night or not. But, with the innovations Revolution Precrafted has implemented, they are already laying siege to traditional developers. ●

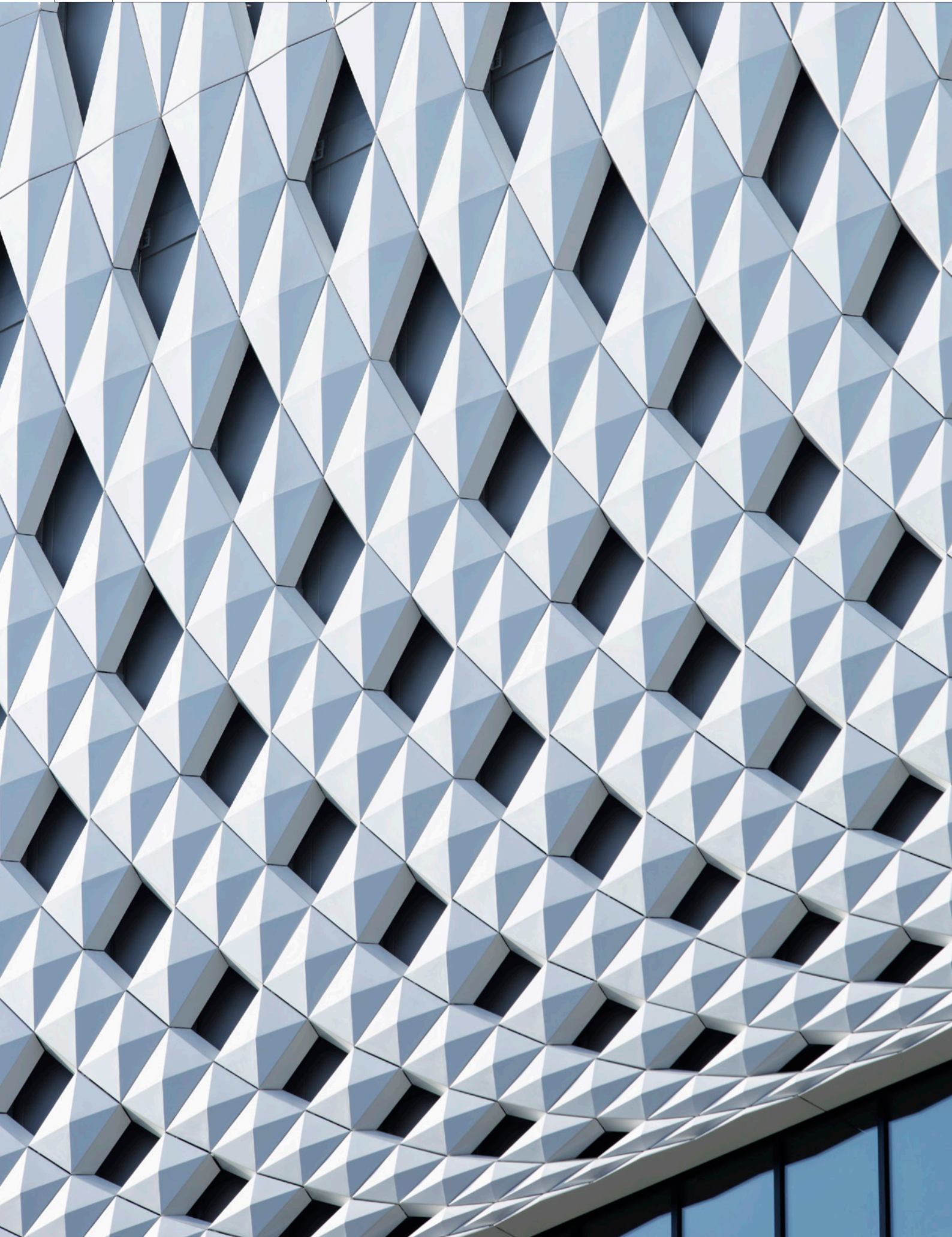
Butterfly Home by
Elizabeth de Portzamparc





FEATURE

TEXT BY JUSTIN MCCURRY





Ginza Place by Klein Dytham architecture

European designers build beauty in Japan

As you look out across the Tokyo megalopolis from the viewing platform of any skyscraper, open-mouthed wonder at the city's sheer scale all too often gives way to sadness when you realise that the buildings within this cityscape, laid bare below, are unlikely to win awards for aesthetic beauty.

But as all Tokyo residents know, there are plenty of architectural gems tucked away among the concrete behemoths. These antidotes to uniformity exist thanks to the relatively lax rules on exterior design that helped to fuel the city's postwar transformation.

For the handful of European architects based in Japan, the speed at which buildings are torn down and replaced brings frustration and opportunity in roughly equal measure.

While public works and large-scale commercial projects are mainly the domain of established Japanese architectural firms, European companies are benefiting from long overdue changes in what Japanese commercial clients expect from their premises, both inside and out.

"Japanese architects are among the best in the world, but in terms of corporate office design there is still a lag — not so much in design, but in the way it is integrated with a company's approach to business," says Martin Van Der Linden, the Dutch founder of Van Der Architects.

He now offers potential clients a vision based on his WorkVitamins methodology.

GEMS AMONG THE CONCRETE



Air France KLM offices by Van Der Architects

This, he says, allows the corporate office to show "the true face" of the company that owns it, giving both employees and clients a clear idea of what a company is trying to say.

"We translate a mission slogan into something tangible, something real and honest," adds Van Der Linden, whose projects include three WeWork offices and a 3,500m²





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Intralink offices by Berthier Associates Co., Ltd.

learning centre for McKinsey in Kobe. “I think that our corporate office design approach has been the key to our success in Japan.”

Dominique Berthier, chief executive of Berthier Associates, describes the Tokyo market for office interior build-outs — the process of finishing a building that initially comprises only walls and an entrance — as perhaps the most dynamic in the world, given the high concentration of businesses, and the high turnover.

“This market is huge and, of course, attracts a wide range of service providers, so you could describe it as crowded,” says Berthier, whose firm’s Japan portfolio includes turnkey office projects — meaning they are fitted out ready for use — for Peugeot Citroën, the business development consultancy Intralink, the Bahamas Maritime Authority and the US solar power company Pacifico Energy.

Securing contracts in Japan requires an appreciation of design preferences that may not apply in other cities — and plenty of patience.

“A number of non-Japanese firms have managed to enter the market,” Berthier explains. “This requires first an understanding of how things work here. Then to really break into the market is a matter of luck, talent and plenty of hard work.”

Berthier and other foreign designers are united in their dim view of Japan’s outmoded attitude towards workspaces and the prominent involvement of salespeople, rather than designers, when new projects are being discussed with clients.

“It’s sad to see salespeople leading in a process that ultimately spoils spontaneous creativity,” he says.

According to Berthier, many Japanese companies still show little interest in their work environment. For any designer or architect who is committed to fundamental architectural values, it’s impossible to see them as potential customers.

“But progressive Japanese corporations or affiliates of multinational companies in Japan that are looking for decent office build-outs are delighted to sign with non-Japanese-owned build-out firms, to the extent they are able to compete technically and commercially with their local counterparts,” he adds.

Astrid Klein, director of Klein Dytham architecture, an internationally renowned architectural firm, bemoans the dominance of big Japanese architectural offices, but believes there is room for more imaginative designs of the kind offered by European firms.

She points to Klein Dytham architecture’s striking overhaul of the Tomamu Towers. The twin buildings — erected during the bubble era — were originally covered in brown tiles, some of which fell off each winter, creating an eyesore amid the natural beauty of central Hokkaido. Now, thanks to Klein, their exteriors bear camouflage designs that complement the seasons.

Too much modern Japanese architecture leans towards the strictly functional, according to Klein, who established Klein Dytham architecture with Mark Dytham — a fellow graduate of the Royal College of Art in London — in Tokyo in 1991.

“The buildings are beautiful and of the highest quality, but in terms of aesthetics there isn’t much that really pulls on the heart strings,” she says.

Responsibility for that failing often lies with the clients, who tend to play it safe with the visions they share with architects.

“But that also works in our favour,” Klein explains. “We have a reputation for thinking outside the box and having a different perspective, doing things in a different way to Japanese architects. Japanese culture tends to resist standing out, but we Europeans like to place more stress on individuality.”

That approach has earned Klein Dytham architecture commissions that have resulted in widely praised buildings, including Tsutaya Books in Daikanyama, TBWA-Hakuhodo’s office in Tokyo’s Shiba district, and Google Japan’s premises in Roppongi.

The haphazard, weakly regulated postwar development of Tokyo and other Japanese cities has resulted in a landscape that some, if they were being very kind, would describe as “eclectic”. But the lack of uniformity can work to the advantage of firms such as Klein Dytham architecture.

“The way Tokyo looks gives you great freedom as a designer,” says Klein. “Of course, there are regulations covering things like earthquakes and fire hazards, but you don’t have the contextual demands of other cities. As an architect, you’re pretty free to express yourself.”

In a city where architectural idiosyncrasy is often hard to spot, Van Der Linden has a refreshing take on his professional mission: “As one of my favourite clients once told me, ‘we want an office that we’re either going to love or hate’.” ●

“Japanese culture tends to resist standing out, but we Europeans like to place more stress on individuality”



As you read this — barring any last-minute hiccups — the Economic Partnership Agreement (EPA) will be on the verge of final ratification by the parliaments of the EU and Japan, the final stage of a lengthy and complex process. The title of the 2018 EBC white paper, *Ready for a New Partnership*, points to the new chapter in EU-Japan commerce that is set to open in the first months of the new year.

The benefits of the EPA, which will eliminate or dramatically lower tariffs and other barriers to trade between the two sides, have been widely touted.

“The result should be more growth and more jobs, not only in companies that already have a presence in Japan, but also in those entering this market,” writes Michael Loefflad, the EBC’s first vice chairman, in his opening remarks.

New EBC Executive Director Francesco Formiconi points out that, “our organisation specifically called on the EU and Japanese authorities to go beyond the boundaries of traditional free trade negotiations, to secure an agreement sufficiently comprehensive to eliminate all major barriers to trade and that could trigger further cooperation.”

And Bjorn Kongstad, EBC policy director, suggests that, aside from the cuts to tariffs, the benefits of the EPA — such as a new framework for investments — may be more difficult to understand, but are nevertheless significant.

The next phase will be the all-important implementation of the agreement.

“The spirit of the EPA must be translated into action within the machinery of government,” notes Loefflad.

Five of the sectors outlined in the white paper warrant particular attention in 2019: food, human resources, legal services, banking and financial reporting.

There are high hopes in the food sector for a significant increase in imports from the EU. However, even as many tariffs are set to disappear, there are concerns from the Food and Agriculture Committee about other existing barriers. And there is a new issue surfacing.

Finally, the committee is urging Japan to accept the results of European tests for contamination in foodstuffs, without the need for repeat tests in Japan.

The main concern of the Human Resources Committee is, unsurprisingly, the shrinking workforce and Japan’s “bleak demographic outlook”, with its ageing population and declining birth rate. The committee believes that, to address the labour shortage, policies to increase productivity, encourage greater female participation in the workforce, raise the birth rate and allow more immigration are necessary.

READY FOR A NEW PARTNERSHIP

The 2018 EBC white paper

Japan has yet to approve the majority of food additives and enzymes declared safe by the Food and Agriculture Organization and the World Health Organization. In addition, materials that come into contact with food, including wrapping and plates, must meet standards laid out under the country’s Food Sanitation Act. Currently, Japan is compiling a list of acceptable materials, but if this is not harmonised with the EU’s, it may lead to restrictions on imports.

The committee welcomes the efforts of Prime Minister Shinzo Abe’s government in bringing more women into the workforce, but notes many are in part-time positions and that the shortage of child-care facilities persists. It also commends the extension of visa periods, the implementation of a new system for re-entry permits and the introduction of measures to admit more highly skilled workers. The recent discussions around admitting more non-specialist foreign



labour are a further step in the right direction, the committee asserts.

The Legal Services Committee recommends a number of regulatory changes surrounding foreign lawyers practising in Japan.

Their report calls for the requirement of a specific number of post-qualification years of experience to become registered as a *gaiben* (foreign lawyer) to be abolished or, failing that, experience in home countries should be recognised regardless of where it has been obtained. But the committee acknowledges, and appreciates, the work of the Ministry of Justice, which is currently looking into limiting some of these hurdles through better recognition of experience in Japan.

A law passed in 2014 allows *gaiben* firms to incorporate and, therefore, open branches. However, *gaiben* and local *ben-goshi* (lawyers) are still unable to do so together, something the

committee is calling for, along with the abolition of general restrictions on branches.

The committee also recommends the introduction of a limited-liability structure for lawyers in Japan — in line with the practice in many other countries — for the benefit of both foreign and Japanese lawyers.

The Banking Committee cites as reasons for optimism the recent high levels of the stock market, vigorous M&A activity, increased focus on return on equity and corporate governance, as well as Governor Yuriko Koike's plan to make Tokyo a "global financial city". Nevertheless, it believes more can be done, including further labour market liberalisation, greater internationalisation and

adoption of global standards, according to the committee report.

The committee also calls for an end to the ban on information sharing among different divisions within financial institutions and greater efforts to stop information from being disclosed to certain securities companies or media before official announcements, in line with the Fair Disclosure Rules introduced in the spring.

Meanwhile, the Financial Reporting Committee is encouraged by the growing number of listed Japanese companies adopting International Financial Reporting Standards (IFRS) and acknowledges the role that the Accounting Standards Board of Japan (ASBJ) is playing in that process. The committee also hopes the ASBJ will continue to work towards the convergence of the Japanese Generally Accepted Accounting Standards with IFRS, and to accelerate that shift.

It looks certain that this white paper will be the last one issued that is not under a bilateral trade agreement. Starting next year, it will become an important vehicle to communicate how well the EPA is being implemented.

"The EBC believes that the future is bright for the EU and Japan — two open economies that believe in free trade," says Kongstad. "This is very much needed in the current environment of more inward-looking policies elsewhere around the globe." ●

"The EBC believes that the future is bright for the EU and Japan"



A catalyst for greater cooperation

Georg Löer, president of NRW Japan K.K.



Born in Tokyo, Georg Löer moved to Bonn — in the German state of North Rhine–Westphalia (NRW) — at the age of five. In 1974, a visit to Japan rekindled his interest in the country, so he decided to study at the International Christian University and later at The University of Tokyo's Graduate School of Economics. After having worked for more than 20 years in banking in Germany, Japan, Indonesia, Hong Kong and China, he took on his current role as president of NRW Japan K.K. in 2007.

What is NRW Japan?

It is the Japanese subsidiary of the economic development agency of the German state of North Rhine-Westphalia (NRW). It was established in 1992 and its focus is on attracting foreign investment to this leading industrial region in Germany. Düsseldorf, the state capital and seat of our organisation, attracted foreign companies early on: Mitsubishi Corporation opened their office there in 1955 and, in 1958, the Bank of Tokyo came. Other Japanese companies, such as Fujifilm and Shimadzu, have now been there for 50 or more years. Right now, we have 630 Japanese companies in NRW.

But the Japanese are only part of the story. The main investors are Dutch, French, UK and US companies, and, more recently, a lot of Chinese companies. What makes NRW attractive is that it has nearly 18 million inhabitants, generates about one-fifth of Germany's GDP, and is number one for foreign direct investment in Germany. There's good infrastructure, a lot of good talent and leading industry clusters there. There's also a huge network of consultancies and infrastructure to support businesses from Japan. And we're trying to create cooperation possibilities and synergies.

How are you promoting your region to Japanese businesses?

Our first priority is understanding clients' needs. After an initial meeting to identify a potential customer's mission, we have a follow-up meeting where we present our proposal — we

do a real analysis that, hopefully, reflects their expectations. Then we find partners or locations they could tie-up with. We are a catalyst. We connect various stakeholders, and this enables the customer, who is at the centre of our activities, to write their success story in NRW.

One success story is Nishiyama Seimen from Sapporo, which produces Sapporo Nishiyama Ramen. We helped them establish an office in Düsseldorf and gave them tailor-made support. They are working with a chain of restaurants called Takumi and now ship a container of Sapporo Nishiyama Ramen to Europe each month. And these noodles aren't only eaten in Düsseldorf, but all across Europe. The customer has to do the business, but we can support them from all angles.

“The customer has to do the business, but we can support them from all angles”

What is the process for Japanese firms going to NRW?

Companies choose to set up a representative office or a limited company. We provide information and help find an office location: you could go into a shared office, rent your own premises, or establish a new facility. Then, you apply for a title of residence. Düsseldorf has a strong track record assisting Japanese companies with residency permits, so it's relatively easy. The whole process usually takes between three and six months.

What is one of your biggest accomplishments?

We brought a robotics company called Cyberdyne to Germany. I learned about it in 2007, but at the time they weren't ready for Europe. After I visited the CEO, Professor [Yoshiyuki] Sankai, in 2010, things went very fast. In May 2011, they established a subsidiary in the city of Bochum, and he took his exciting robotics technology there. The head of the clinic on the German side, which we had partnered him with, said that with this technology, they can help

patients in ways they previously couldn't. They conducted clinical tests, funded by Japan's New Energy and Industrial Technology Development Organization [NEDO], as well as by the German side. That helped Cyberdyne get the medical certification even before they got it in Japan, which was big news and helped them go to the stock exchange. My biggest satisfaction, however, was to see the patients training in their robot suits in NRW.

Could you tell me about the seminars you offer?

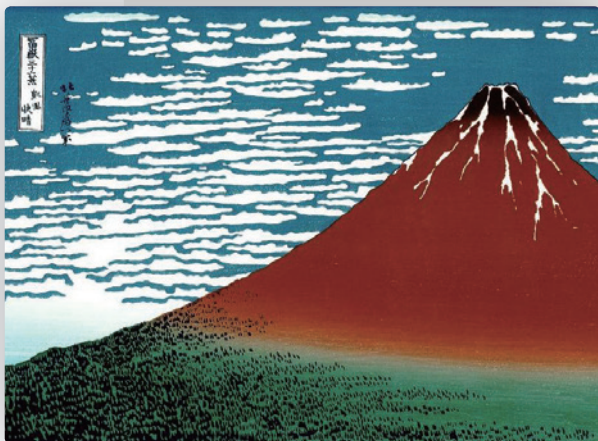
We focus on one topic every year — smart mobility, robotics, medical technology. We host two or three major seminars and invite stakeholders from different areas: people from business, from academia, from the Ministry of Economy, Trade and Industry, from the media, as well as new candidates and key accounts already in NRW. It's always a good mix. The intention is to start a dialogue. Then we follow up with smaller events.

The event we held in October was called “NRW in Germany – Land of Innovations: German-Japanese Smart Mobility Symposium”. There were presentations from companies such as e.GO Mobile and StreetScooter. E.ON, which is working with Nissan on e-vehicle charging solutions, also presented. It was all well received.

There's a huge distance between Europe and Japan. And the distance is not only physical, it's also in the mind. So, you might have the right person here and the right person over there, but the challenge is to get these people talking, and to keep them talking. And it's this sustainable communication that will then eventually lead to cooperation — and more success stories. ●

A NEW YEAR UNLIKE ANY OTHER

New Year is the most important holiday of the year for Japanese people, a time to be thankful for the year past and to wish for good fortune and happiness in the year to come. To demonstrate the essence of New Year in Japan, between December 26, 2018 and January 28, 2019, we will be holding an exhibition called "Vivid Performing Art of Kabuki and Mt. Fuji Art Exhibition – Celebrating New Year", which will focus on Kabuki and Mt. Fuji, two distinctly Japanese cultural artefacts given special attention at this time of year.



Hokusai Katsushika

A mountain of good fortune

As well as being among the most recognized symbols of Japan, Mt. Fuji has a special place in the Japanese concept of the New Year — many climb the mountain on New Year's Eve to see the first sunrise of the year. It is also considered to be a symbol of good fortune, and it is said that those whose first dream of the year features Mt. Fuji, a hawk, an eggplant or any combination of the three will be blessed with good luck.

We will therefore be exhibiting a range of both Japanese and Western art, including silk screens and lithographs, featuring Mt. Fuji. These works will be placed in three different areas of the hotel, on the 2nd and 3rd floors, for you to discover.

Kabuki brings a little luck for the New Year

We will be displaying
Kabuki attire — with
designs tailored for
the New Year and
considered to be lucky
— in our Art Lobby



It is a tradition for Kabuki performances to be staged during the New Year period, so we will be displaying Kabuki attire — with designs tailored for the New Year and considered to be lucky — in our Art Lobby. By simply looking at each kimono, you can determine the actor's role, as well as the season the play is set in and its mood.

During this exhibition, we will also be putting on a Japanese traditional dance performance in the 3F lobby, together with classical Japanese songs, *naga-uta*, known as Kabuki songs. Join us for this unique cultural experience on January 25 at 5:00 p.m.



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TOKYO

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To give you a real taste of the season, our restaurants will be offering special dishes of food traditionally served at New Year in Japan.



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With an excellent selection of high-quality drinks, bar time at the Premier Grand Club Lounge, from 5:00 p.m. to 7:00 p.m., is the best way to start an evening. With a glass of sparkling *sake*, Japanese whiskey, wine, or another drink in hand, sit back and enjoy the lounge's warm and peaceful atmosphere while looking across the Tokyo skyline, 160 meters above the city.



Some good news

On December 15, we are proud to be unveiling a great new place for you to come home to: 56 newly renovated Premier Grand guest rooms on the 35th and 36th floors of the hotel. These rooms come furnished with wider beds, perfect both for families and those who want some more space to rest after a great night out.



Germany

Generating a cleaner future

After intense political debate, Germany has pledged to close its nuclear power plants. The oldest has already been permanently shut down, and the remaining facilities are scheduled to be taken off the grid by 2022.

“Few events have had such a strong impact on German energy policy as the nuclear disaster in Fukushima in March 2011,” says German Ambassador to Japan Dr Hans Carl von Werthern. “Pressured by the general public, the federal government considered it best to put an end to a decades-long debate and phase out nuclear power. The accident proved to Germany that, no matter how technologically advanced and secure a country might be, the risks of nuclear power plants cannot ultimately be controlled.”

This stance is in stark contrast to Japan’s. The country has restarted nine reactors since the disaster, and six more are cleared to go back online. The Japanese government’s current energy policy aims to have nuclear account for between 20% and 22% of its energy mix by 2030.

That said, there is in Japan today a greater push to introduce alternative energy sources. The same government plan has given a boost to renewables, with the goal of having them occupy 22% to 24% of the mix by 2030.

“The German federal government has also set up a long-term strategy to increase the share of renewables for gross electricity

consumption to up to 80% by 2050,” explains von Werthern. “Greenhouse gasses shall also be reduced by between 80% and 95%.”

Germany’s efforts to increase its renewable energy capability is benefitting businesses, not just domestically, but also in Japan.



“The German federal government has also set up a long-term strategy to increase the share of renewables for gross electricity consumption to up to 80% by 2050”

—German Ambassador to Japan Dr Hans Carl von Werthern



“Japan’s massive efforts to build a hydrogen society have generated strong interest in Germany,” says von Werthern. “The German National Organisation Hydrogen and Fuel Cell Technology has been commissioned to expand the German–Japan cooperation in the area of power-to-gas.”

Businesses themselves are also making a difference. IBC SOLAR Projects, the Japanese subsidiary of Germany’s IBC Solar Power, focuses on developing large-scale solar power plants. Its photovoltaic technology provides for both the conversion of sunlight into energy and the storing of that energy for later distribution and use.

Juwi — headquartered in Worrstadt and with an office in Tokyo — also works on solar energy but is equally strong in the wind energy space. One area of concentration for the firm is in catering to customers who need help with onshore wind energy, helping with everything from turbine construction and grid connection to legal issues.

With a Japanese base in Kawasaki, Voith specialises in supplying advanced hydropower equipment and can assist customers at any and all points in the supply chain, starting with design through development and manufacturing. It also assists with engineering, repairs and upgrades to existing hydropower plants.

Envitec Biogas provides biogas solutions for Japanese customers through its Tokyo subsidiary, Renegas. The firm has more than 15 years of experience in agricultural biomass, biomethane and waste-to-energy plants, and it offers advice and assistance for every stage of the lifecycle of a project.

“The energy transition is a joint task involving all levels of government, the business community and civil society, especially in rural areas,” says Ambassador von Werthern. “The results are obvious: in 2016, about 338,000 people in Germany were employed in the renewable energy sector, a 3.5-fold increase over the year 2000.”

While the road ahead is a long one, the ultimate beneficiaries will be economies, societies and a planet that remains evergreen. ●



Trade with Japan

Exports to Japan: €19.5 billion
Imports from Japan: €23 billion

SOURCE:
GERMANY TRADE AND
INVEST (2017)



Area

357,022km². Coastline: 2,389km.

Climate

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



Major cities

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

Population

80,594,017 (July 2017, estimate).
Urban population: 77.3% (2018).
40.45% are 25–54 years of age.



Natural resources

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

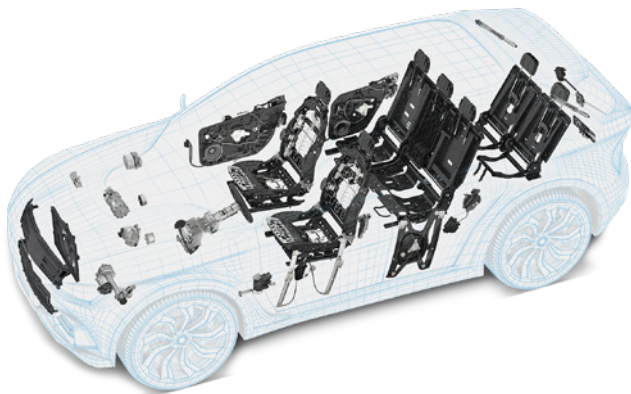




BUSINESSES FROM ...

GERMANY

A look at some companies from the region



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www.brose.com

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The German Centre for Research and Innovation Tokyo (DWIIH Tokyo) is a network of German research organisations, universities and research-based companies. It provides a joint platform for German innovation leaders, which helps them to strengthen scientific and economic cooperation with Japan. DWIIH Tokyo was launched in 2010 by the Federal Foreign Office and the Alliance of Science Organisations in Germany.

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www.dwiih-tokyo.jp
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SCHÜCO



EBC PERSONALITY

TEXT BY ANDREW HOWITT

PHOTO BY BEN BEECH

I don't hesitate
to jump into new
environments

Kintaro Ueno

Ready for anything

The course for the Honolulu Triathlon starts with a 1.5km swim in the Pacific Ocean, then continues with a 40km bike ride — partially along the coast — and finishes with a 10km run around the scenic Ala Moana Beach Park. Of the 800-plus competitors who follow this route every year, one is Kintaro Ueno, president and CEO of Mercedes-Benz Japan.

“To be honest, I’m not such a strong triathlete — the swimming and cycling are tiring, but the 10k cooldown isn’t bad,” he says. “The holiday I take in mid-May to Hawaii isn’t all about the triathlon, either; I play golf, too.”

Ueno’s interest in triathlon began in 2012 when he met a famous triathlete at an event who suggested he give it a try. That May, he went to Honolulu and took part in his first triathlon.

Thanks to that race, Ueno started going to the gym regularly. And the positive impact on his health and wellbeing has encouraged him to keep making the annual trip to Hawaii.

“I’ve lost about 15kg since my first triathlon,” he states.

Jogging is also part of Ueno’s routine. He aims to log between 80km and 100km a month.

“I need changes of scenery, though; I’m used to the sights in my neighbourhood,” he says. “Business trips help. The greatest time I had jogging was in Rome. I went 15 or 20k, and it was like sightseeing. This motivates me — running in places I don’t know.”

During his formative years growing up in Tokyo, Ueno found himself in both Japanese and English environments. After attending a Japanese kindergarten, he was enrolled at

an international school, then studied at Japanese middle and high schools. Ueno went on to major in social science at Waseda University before starting his career at the German automaker Daimler in 1987, a year after the brand established a subsidiary here.

“Going from a completely Japanese system into an international one forced me to change,” Ueno says. “Now, I don’t hesitate to jump into new environments, which has really shaped my career.”

And Ueno hasn’t turned down any of the opportunities that have come his way — from the sales department to PR, a year in Germany to the corporate office in Japan. He became the firm’s first Japanese CEO at the end of 2012.

“Mercedes-Benz is a very established brand in Japan, and worldwide,” says Ueno. “We sell a lot of AMGs — Japanese people like fast cars that stand out. We also just introduced the A-Class. You talk to it, it answers. You can ask it for navigation information, for weather news, to change the temperature.”

Not only does Ueno adapt well to new environments, he creates them. The idea for the Mercedes Me brand centre was his. And following the success of the store in Tokyo, the company has opened locations around the world, including in Hamburg,

Hong Kong and Shanghai.

“We wanted the brand to be more accessible,” Ueno explains, “for people to come in to the restaurant or café and touch and feel Mercedes-Benz.”

Since opening in 2011, some 8.1 million people have been drawn to the Tokyo and Osaka locations of Mercedes Me.

For his entire adult life, Ueno has been drawn to shoes. Although he doesn’t have as many pairs as Mercedes Me has visitors, he calls his shoe collection “massive”.

“I have at least a dozen pairs of golf shoes, another 10 or 15 pairs of jogging shoes, then there are the collectable sneakers: the Jordans, the Michael Schumacher Nike ones. Too many,” he notes. “I try not to buy more because our shoe rack is overflowing — which my wife is very upset about.”

But now that Ueno is jogging more, he is finding that he wears his shoes out much faster than ever before.

“I discovered that Asics are the perfect jogging shoes for me, and I’ve already worn out two pairs,” he says.

As Ueno aspires to see new places and have new experiences, you can be sure he’ll be doing so in comfortable footwear. ●

Kintaro Ueno is president and CEO of Mercedes-Benz Japan and a member of the EBC Automobiles Committee.

Do you like natto?

Time spent working overseas:

Aside from a year in Germany, I’ve spent my entire career in Japan.

Career regret:

I regret a lot of things, but I’ve learned to overcome my regrets.

Favourite saying:

Don’t look for excuses; try to find answers. That’s what I do.

Favourite book:

I liked *Moneyball* by Michael Lewis a lot.

Cannot live without:

Beer. And cars. But not together!

Lesson learned working for a European company:

Ambiguous language and uncertainty always lead to bad results.

Secret of success in business:

Always be open to the unexpected. And do some pushing when you need to push.

Favourite place to dine:

Home. I eat out 200 or more days a year, so I

feel very good when I eat at home.

Do you like natto?

Of course! My mother’s parents had a tofu shop that sold natto, so it was natural for me to have it every day.



Retail

A work in progress

Karl Hahne is acutely aware of the challenges of chairing the EBC's Retail Committee. The member companies, he points out, span a range of business fields, from furniture to fashion to home appliances, and their advocacy issues are equally diverse.

Furthermore, many of Europe's most successful and influential retailers in Japan, such as clothing company Hennes and Mauritz AB (better known as H&M), are not members. Given that Japan has a huge, cutting-edge retail industry, Hahne is keen to see the EBC group expand well beyond its current membership of 11 companies, so that it can better zero in on key issues.

His aim is to revitalise the committee in 2019. One effort will be to reach out to other groups with similar interests.

"There's another retail association in Japan, so let's meet them," he says, noting that this could entail an official visit to the Japan Retailers Association and then jointly organising a networking event.

Hahne also wants to try to deepen ties among committees within the EBC.

"I don't know anything about the other

committee chairs," he states, adding that quite a few EBC members engaged in retailing have never been to a Retail Committee meeting.

Currently, committee activities consist of little more than four meetings a year. There haven't been direct advocacy efforts, although some member companies are engaged through avenues outside the EBC, according to Hahne.

"There's a lot of lobbying being done directly by the companies," he says. "Advocacy relies on clearly defined obstacles of member companies who then will put in the effort to address those issues in detail, and we have a few issues that have been addressed continually."

Several of the committee members focus only on one or two issues that directly affect their business. For instance, one member says he and his employer are interested in

seeing a restriction placed on business licences that block them from selling liquor across prefectural borders via the internet or other forms of telecommunication. He believes this is a costly and inconvenient burden.

"If we want to sell to retailers in another prefecture, we have to send sales staff to their office," explains the member, who requested anonymity.

Otherwise, his company would be taking orders by e-mail, telephone and other 21st century means.

Despite the measure's obviously archaic

and protectionist nature, the committee member doesn't expect to see it liberalised anytime soon.

"A local tax official told me, 'the licence should be changed, but changing it could be very difficult'," the committee member reports.

That's due to the vested interests of Japan's small and medium-sized liquor wholesalers and retailers, which the measure protects.

Like most of the committee's other advocacy areas, the issue hasn't seen any fundamental changes over the years.

"There are no new issues; they're all known, and they're all works in progress," says Hahne, president of Häfele Japan K.K.

The committee is urging that testing and approval standards between Japan and the EU be more closely harmonised — a common call throughout the EBC. The group also wants to tackle a set of excessively detailed and inflexible labelling requirements.

The EU-Japan Economic Partnership agreement is, naturally, expected to give a push to several of the committee's market-access issues. On this point, the committee chairman expresses optimism — but tinged with caution.

"A framework has been decided to have discussions," he says. "Harmonisation is different for each of our industry areas, and none of it is set in stone as to how it's going to evolve."

Hahne expects substantive changes to take a while.

"Over time, all these issues will go away," he says. "It's just a matter of when." ●

Karl Hahne is chairperson of the EBC Retail Committee and president of Häfele Japan K.K.

Advocacy issues

➡ Testing and approval

The Japanese government should move toward greater harmonisation on testing and approval of products and eliminate unique national and local regulations.

➡ Selling liquor through telecommunication channels

The restriction on selling liquor across prefectural borders via the internet should be lifted.

➡ Labelling

Japan's Food Labelling Act should be reformed to make product labels easier to understand for consumers and more manageable for retailers.



Most people dread doing their taxes every year — but imagine having to fill out and submit different forms two or even three times during tax season.

On 28 November, the EBC Financial Reporting Committee held a roundtable on financial reporting in Japan. The event is part of the committee's effort to more effectively reach out to and educate the EBC membership, but it was also an opportunity to better understand the challenges European companies face with regard to financial reporting here.

While many EBC companies use the EU-endorsed version of the International Financial Reporting Standards (IFRS) as the basis for their accounting and financial reporting, they may also be required, for local purposes, to report under the Japanese system, J-GAAP (Japanese Generally Accepted Accounting Principles). There are even EBC member firms — and, currently, around 15 Japanese multinationals — that report under the US GAAP, which is usually the case if they are listed in the US.

Unsurprisingly, reporting under more than one system puts a strain on a company's resources — not only for the accounting division but also on management, which needs to devote attention to this. Thankfully, harmonisation among the three systems is under way, although the pace of this initiative seems to be slower than what would noticeably help to reduce the amount of data that needs to be reported and the burden of record-keeping.

The Tokyo Stock Exchange (TSE) allows listed companies to choose which system they will report under — IFRS, J-GAAP, US GAAP or, a fourth system, the Japanese Modified International Standards (the Japanese-endorsed version of IFRS) — and, today, close to 200 companies are using, or have committed to use, IFRS. However, what is of greater importance is that these 200 companies make up approximately

one-third of the capitalisation on the TSE.

At the November roundtable, many of the companies represented highlighted the fact that, while information about both IFRS and J-GAAP is plentiful, there is very little available on the differences between these two accounting standards. The panellists all expressed their wish that the relevant Japanese authorities take up the task of periodically publishing documents that list significant differences. This would allow for better understanding, and better compliance, by European (and all foreign) companies in Japan.

among the Japanese authorities, with the tax authorities being focused mainly on the revenue side and the resulting taxes on income. Here again, there is not enough information available that highlights the differences between tax accounting standards and financial reporting standards, namely, IFRS and J-GAAP. The roundtable called for comprehensive information on differing accounting requirements to help improve firms' efficiency and the use of their resources.

During the discussion, a request was made for the Financial Reporting

More information, please

EBC Financial Reporting Roundtable

But what the speakers at the roundtable focused on most was the lack of harmonisation between the accounting standards — regardless of which one a firm is using — and the tax regulations related to the determination of financial results. Without the involvement of both accounting experts and tax experts, this gap could be very difficult to overcome.

"Every company wants one set of facts," said a roundtable participant. "In Japan, we have three: IFRS, J-GAAP and the tax regulations."

Another related problem pointed out by the participants is the differing objectives

Committee to cooperate with the EBC Tax Committee in raising this issue with the Japanese authorities. Such a collaboration could also help to generate ideas on ways to better harmonise the differences in all the standards.

Given that even some major Japanese companies are increasingly using IFRS and J-GAAP, and keeping separate records to report taxable income, any harmonisation would also benefit them along with many foreign companies with an active presence in Japan. ●

Bjorn Kongstad is policy director at the European Business Council in Japan.





Civil society gets a stronger voice

The EESC's high-level conference

When discussing the EU–Japan Economic Partnership Agreement (EPA), attention is often focused on how it will reduce tariffs, but the 550-page document is about far more. It is a framework for close collaboration in an extensive range of areas.

For example, there is the chapter on trade and sustainable development, which sets high standards for labour, safety, the environment and consumer protection. One article requires committees on both sides to

On 13 and 14 November, the EESC held a high-level conference — titled Additional opportunities for trade, investment and cooperation — at the EU Delegation in Japan. One objective was to discuss the role of civil society in monitoring the implementation of the EPA.

“The European Parliament, the Council and the Commission are legally obliged to consult with our committee on various issues of interest to civil society,” said Eve Päärendson, president of the EESC’s EU–Japan Follow-Up Committee, in her opening remarks.

EU Ambassador to Japan Patricia Flor stressed the importance of hearing voices from civil society.

“What we want to achieve is to promote the [UN’s Sustainable Development Goals], for instance, by improving standards and practices of labour, also to go for growth models with less intensive use of resources, and by implementing the Paris Agreement on climate,” she stated. “None of this can be achieved without active contribution by civil society — business organisations, trade unions, agricultural organisations, human rights

organisations and, at the end of the day, by everyone.”

The provision for dialogue with civil society was included in the Treaty of Rome in 1957, so it is taken seriously by EU officials at the highest levels.

“Any non-governmental organisation, which is non-profit, based in the European Union and registered in our transparency register can participate in this civil society dialogue,” explained Marjut Hannonen, head of the Trade Section at the EU Delegation. “Currently, we have 450 registrations, so we send invitations and all

those who are interested can participate in dialogue. Once a year, we have dialogue at the commissioner level and, at other times, these are run by EU officials from DG Trade.”

Other panellists spoke about the benefits of giving civil society a stronger voice in Japanese society. With an official platform from which they can be heard, Japan’s trade unions could help to improve the nation’s labour standards.

“We are seeking not only economic growth, but sustainable, inclusive economic growth,” said Chihiro Kawashima, executive director at the Japanese Trade Union Confederation’s Department of Economic and Social Policy, speaking through an interpreter.

Currently, Japan has not ratified two of the eight labour conventions of the International Labour Organization (ILO) — on forced labour and discrimination.

“In the context of ... joint dialogue with civil society, we want to benefit from this monitoring mechanism to make sure that the ILO’s core standards — irrespective of whether they have been officially ratified or not — are fully implemented here in Japan,” he said.

“It’s a great pleasure for us to learn from the experience of the EU for implementing the [trade and sustainable development] chapter,” said Kazuya Otsuka, a director in the European Union Economic Affairs Division of Japan’s Ministry of Foreign Affairs, who said relevant ministries in Japan are already considering how to organise dialogue with civil society. “I hope civil society dialogue will be very constructive, making a good implementation of the EPA.” ●



Eve Päärendson

engage with civil society organisations and get their input on how well they believe the agreement is being implemented.

The body on the European side responsible for this is the European Economic and Social Committee (EESC), an official EU advisory board that represents civil society organisations — such as environmental, human rights and business groups — from all 28 EU member states.



The Agenda

**JAN
17**BELGIAN-LUXEMBOURG CHAMBER OF
COMMERCE IN JAPAN**New Year Party 2019****TIME:** 19:00 to 22:00**VENUE:** Le Petit Tonneau, Toranomon**FEE:** ¥7,800 (for members) / ¥9,000
(for non-members)**CONTACT:** info@blccj.or.jp**JAN
22**SWISS CHAMBER OF COMMERCE AND
INDUSTRY IN JAPAN**Luncheon —
Hiromichi Shirakawa,
Credit Suisse Securities****TIME:** 12:00 to 14:00**VENUE:** Grand Hyatt Tokyo**FEE:** ¥6,500 (for members), ¥8,000
(for non-members)**CONTACT:** info@sccij.jp**JAN
17**BRITISH CHAMBER OF COMMERCE IN
JAPAN**BCCJ Shinnenkai
(New Year Party)****TIME:** 18:30 to 20:00**VENUE:** Embassy of Canada to Japan,
4F, 7-3-38 Akasaka, Minato-ku Tokyo**FEE:** ¥8,500 (for members), ¥10,000
(for non-members)**CONTACT:** info@bccjapan.com**JAN
26**AUSTRIA BUSINESS COUNCIL JAPAN**Inter-Chamber
Ski Race 2019****TIME:** Race: 9:30 to 12:30;
Awards party: 18:00 to 21:00**VENUE:** Hakuba Happo-one,
Tokyu Hotel**FEE:** Visit the event URL for details**EVENT URL:** [www.abc-jpn.net/
events/4th-inter-chamber-ski-race/](http://www.abc-jpn.net/events/4th-inter-chamber-ski-race/)**JAN
21**BELGIAN-LUXEMBOURG CHAMBER OF
COMMERCE IN JAPAN**January Beer
Gathering****TIME:** 19:00 to 22:00**VENUE:** Belgian beer café in Tokyo**FEE:** No entrance fee. Buy your own
food and drinks.**CONTACT:** info@blccj.or.jp**FEB
7**IRELAND JAPAN CHAMBER OF
COMMERCE**IJCC-ACCJ Joint
Networking Event****TIME:** 19:00 to 21:00**VENUE:** Irish Ambassador's Residence**FEE:** ¥5,500 (for IJCC and ACCJ mem-
bers), ¥8,000 (for non-members)**CONTACT:** secretariat@ijcc.jp



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The next computing revolution?

Quantum computing promises massive gains in calculating power

The next time you find yourself waiting for a bus or taxi that seems to be taking forever, take comfort in the thought that Volkswagen is hard at work on a remedy. The German auto giant is using a quantum computer to develop a traffic management system that can help bus and taxi companies deploy their fleets more efficiently and minimise waiting times for passengers.

Quantum computing is a new paradigm in computing that's based on quantum physics, the laws that operate on the submicroscopic level. Heisenberg's uncertainty principle states that there is a basic limit to knowing the speed and position of particles: the more precisely momentum is measured, the less its position can be known, and vice versa.

In quantum physics, objects can be in all of their potential states at the same time. Meanwhile, objects that are in a state called quantum entanglement seem to communicate with one another instantly regardless of distance. Einstein famously called entanglement "spooky action at a distance".

It's easier to understand the difference between quantum and classical computers with an analogy presented by Microsoft CEO Satya Nadella. He explained how a

traditional computer navigating a maze would try one path, then go back and try another, again and again until it solves the maze. A quantum computer, however, can try all paths at once.

Quantum computers are designed to perform calculations at speeds and energy levels that would be far superior to conventional supercomputers. In its traffic management project, Volkswagen is working with Canadian technology company D-Wave Systems Inc. Founded in 1999, D-Wave has made a name for itself as the first company to commercialise quantum computers. While the machines it produces are for quantum annealing functions — leading some to dismiss them entirely as quantum computers — they have been used by the likes of Google and NASA, which launched a quantum computing AI lab in 2013. IBM, Intel and other tech firms are

also in the race to build useful quantum computers.

Volkswagen and D-Wave are using anonymised movement data from smartphones and vehicles to calculate where vehicles and people are in a given city. A quantum algorithm is then used to optimise vehicle distribution based on predicted areas of high demand. The result would be less waiting and more efficient use of vehicles and fuel.

Volkswagen plans to test the system in Barcelona, with an eye to commercialisation, but this is just one of many examples of the potential of quantum computing. It could be used to model complex chemical processes, design new molecules for drug discovery, or find very big prime numbers; a potential danger is that it could be used to crack conventional cybersecurity protocols. The technology is still in its infancy, but it's definitely something to keep an eye on. ●



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Going back to normal?

What to expect for the Bank of Japan's monetary policy

In August, the Bank of Japan (BoJ) appeared to be following the US's Federal Reserve (Fed) and the European Central Bank (ECB) in "normalising" monetary policy. That now appears to have been a false start.

Normalising policy poses

risks to the global economy, so it needs to be done very carefully. Careless talk — that leads to backtracking — can cost a central bank its reputation.

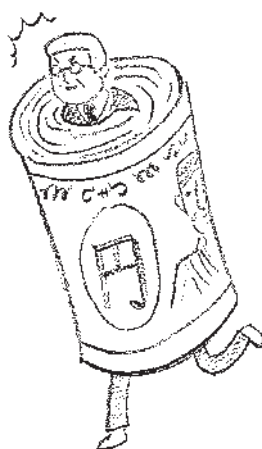
The stimulus measures that saved the world from depression a decade ago will now be reversed, shrinking bank balance sheets, and so raising short- and long-term borrowing rates. This will undermine risk assets, such as equities. October's stock market turbulence has been blamed on investors' nervousness over the steady reduction in global liquidity as the Fed shrinks its balance sheet by \$50 billion a month and the ECB aims to halt expanding its balance sheet in December.

What would be the BoJ's role in this? Many believe it will start by tapering, or reducing, its ¥80 trillion (\$712 billion) a year bond

purchase programme, and so help nudge Japan government bond (JGB) yields higher.

In August, the BoJ raised its 10-year bond-yield target, which would require purchasing fewer bonds each month from the market. This caused a large jump in yields, with the 10-year yield rising from 0.04% to 0.22%. The BoJ has also purchased less equity, in the form of exchange-traded funds (ETFs), in recent months than had been expected.

This reflects the confidence that Japan's monetary policy makers had in the late summer on the outlook for growth and inflation. Second quarter real GDP growth came in at 1.3% over the same period last year. However, third quarter GDP was much weaker, at 0.3% over



the previous year, and showed an unexpected 1.2% contraction over the previous quarter. The core consumer price index (CPI) stands at 1.0%.

There is palpable nervousness within the BoJ — and other central banks — over the wisdom of continuing unorthodox monetary policies. For instance, Japanese banks are suffering from negative BoJ policy rates and a shallow yield curve, which hurt profits.

And there is an argument for tightening monetary policy now to allow for possible easing next year — should Prime Minister Shinzo Abe's planned increase in sales tax result in slower economic growth and threaten the return of deflation.

But the scope for tighter monetary policy — given the recent reported weakness in the economy — is, in reality, limited.

The scale of the task is daunting. The BoJ has struggled to get core CPI inflation to its target of 2% despite expanding its balance sheet to the equivalent of 100% of Japan's GDP. In contrast, the Fed's balance sheet stands at just 20% of the US's GDP.

Perhaps anticipating weak third quarter data, the BoJ decided at its October meeting to keep monetary policy unchanged and trimmed its inflation forecast. Next year's core CPI inflation is now pencilled in at (a still optimistic) 1.4%, down from 1.5% previously. A week earlier, as Japanese and global stock markets were falling, it had made large ETF purchases, bringing its October purchase to a monthly record high of ¥870 billion.

Given the recent willingness of the BoJ to adjust their policy to market and economic conditions, it seems unlikely that Japanese monetary policy will tighten significantly soon, and that talk of tapering of BoJ monetary policy is premature. As the Fed and the ECB tighten their monetary policies, JGB yields will remain low, by international standards, and the yen will weaken. ●

Tom Elliott is an international investment strategist with the deVere Group in London.



CELEBRATING 90 years OF BEAUTY AND EXCELLENCE

For 90 years, Hotel Gajoen Tokyo has offered guests first-class service and unparalleled comfort. As the city's first and only Museum Hotel, it has on display a gallery of fine Japanese paintings, as well as exquisite lacquer and woodwork pieces, from the first half of the last century.



To mark our 90th anniversary, we held an invitation-only event at the Secret Gallery in Paris, with the screening of a short film showing the interiors of Hotel Gajoen Tokyo, a photograph exhibition featuring the art in the hotel, a demonstration of the Japanese craft *kumiko*, and a taste of Japanese cuisine by our executive chef. Despite being a truly Japanese hotel, we are committed to sharing Japan and its culture with the world.

We are also celebrating our 90th New Year in style. We are proud to present our Noh theatre event, *Kita-ryu Noh — An Evening of Grace*, on Tuesday, 1 January 2019, performed by actors of the Kita school of Noh. While taking in the *Kita-ryu Noh* play, enjoy a gourmet dinner in our Washi room on the 4th floor.

In addition to a countdown party on New Year's Eve, we are inviting guests to take part in *Hat-sugama*, the year's first tea ceremony, from 1 to 3





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January, and to see a special flower arrangement exhibition in our famous Hyakuden Kaidan – The Hundred Stairs.

For the art enthusiasts who stay with us, we offer guests guided tours of our gallery, so you can both experience and understand our treasures. And in order to get a peaceful start to the day, take part in Morning Art Yoga — where you are guided through a yoga lesson in a Japanese-style banquet hall, surrounded by art — before having a healthy, balanced breakfast.

You can also explore our tranquil Japanese gardens, taking in the flowing rivers, waterfalls, and carp ponds to truly relax your mind and your soul.

Gastronomic satisfaction is guaranteed at all of our seven dining locations, including our Japanese restaurant "Tofutei", Chinese restaurant "Shunyuki", New American Grill "Kanade Terrace", and Ristorante "Canoviano".

Our extensive experience assisting guests with their sightseeing plans allows us to help you get the most out of your trip. We offer a walking tour of

the temples of Meguro where guests can experience Japanese history and traditional culture first-hand. We also offer a range of activities, including a chauffeured tour of traditional Japanese sweet shops, *shamisen* (three stringed lute) crafting, glass engraving and wind-chime decorating.

Those staying with us on business can rest assured that Hotel Gajoen Tokyo can cater to all their needs. With 26 meeting rooms of varying sizes, from 52m² to 838m², we can accommodate any meeting, no matter the size.

Hotel Gajoen Tokyo is more than just a place to stay, it is an experience.

Come and celebrate our 90th anniversary with us. We are offering 25% off all four-night stays, as well as complimentary access to the Executive Lounge, where guests may dine at our breakfast buffet and take part in a Japanese tea ceremony.

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Entering into real dialogue

Businesses and nonprofits can learn from one another



Companies and nonprofits have more in common than you might assume. And understanding the objectives they share is an important step to creating opportunities for collaboration that go beyond merely earning profits or doing good.

GOODS AND SERVICES

While businesses work within the market and nonprofits address market failures, they both provide goods, services or both. The real differences lie in the financial model of who pays for those goods and services and how success is measured.

Companies and nonprofits both have an interest in creating vibrant organisations that can deliver goods and services efficiently and effectively. Achieving that is no easy matter, so they can learn from each other in the areas of leadership and individual development, team-building and customer service. Organisations regularly identify these as areas that do not get enough attention or resources. Businesses would be well-served if they approached nonprofits with a willingness to learn from them. And, likewise, nonprofits should take advantage of applying business principles to increase their professionalism and capacity.

In 2003, my organisation, Second Harvest Japan, created the Professional Advisory Board to introduce best business practices in our organisation. It took time for this group to understand both our business model and

our limitations but the reward was a working group that helped us grow and develop a sound strategy. In 2007, we created the Food Advisory Board to enlist those in the food industry who had the same desire to learn. The fruit yielded by these groups is that, in less than 10 years, we signed more than 1,600 donor agreements without using a traditional sales approach.

BETTER COMMUNITIES

It is not only nonprofits that have a concern for the community. Businesses have a keen interest in making a positive impact in the community, whether this is labelled CSR, Creating Shared Value, sustainability (connected to the UN's Sustainable Development Goals) or philanthropy. It is impossible to find a large company that is not engaged in the community at some level. Employees regularly report wanting to work for businesses with strong values that reflect their concern for the community. And this is where dialogue with a nonprofit could be beneficial for a company.

When a firm develops a relationship with a nonprofit, it gains access to key information that answers a fundamental question: Are our actions having a positive impact? When companies do not take time to answer this question, or get it wrong, employees sense that any actions it does take are just for show. And when this happens, it can breed cynicism about the company and hurt morale.

A top-down relationship (in my work, donor-recipient) prevents real dialogue and collaboration. The recipient tends not to say things that might offend the donor or put support in jeopardy. Thus, you get a superficial discussion that fails to effectively address issues, needs and opportunities. So, we have learned to see all stakeholders as partners on an equal footing.

OVERTURNING MARKET CONSTRAINTS

There are innovative models that address market constraints and even open new opportunities. In our case, companies saved more than ¥230 million in food disposal costs in 2017. Moreover, they were able to claim a combined ¥700 million impact in the community. What was a market constraint — food waste — became a financial and CSR opportunity.

In order to deepen collaboration, we need to set aside our fixed ideas (that companies are just about profits and nonprofits are just about doing good), change our perspectives to see what we have in common, and then engage in meaningful dialogue. This can set the stage for a stronger, healthier society in which we all benefit — businesses, nonprofits and the community at large. ●

Charles McJilton is a social entrepreneur and founder of four nonprofits, including Second Harvest Japan, which tackle the issue of food security in Asia.





Thinking long-term about your short game

Getting the right putter

Most golfers know the loft angle on their drivers and sand wedges, but how about their putters? Many aren't even aware their putters have loft built in and that this loft needs to be right to match their putting stroke. Golfers often order bespoke irons and woods to match their swing, but more should be thinking about ordering bespoke putters.

Aside from the flexibility of the shaft, which is less of an issue with putters than drivers, the same factors come into play for both clubs, namely, shaft length, grip size, loft, head balance and weight, and shaft style.

So, before ordering a new putter, it's important to have your swing analysed, preferably by a pro and video analysis. While the ideal swing is straight back and forward, many golfers swing on an arc before and after impact. Even though most putters are designed for a flat stroke, some golfers — most notably Isao Aoki with his toe-up style — seem to defy physics with the way they putt. Getting the right putter will go a long way to getting the ball into the hole. So, what should you look for in a putter?

1 LENGTH: According to the PGA's Brad Redding, "Most golfers play with too long of a putter". Basically, fit the putter to your stance, which, in turn, reflects your bodily characteristics. Some lengths are recommended based on your height, but your stance will change your requirements. Length will also determine lie angle (how the club rests on the ground) — flat is good, but don't tell Isao Aoki.

2 GRIP SIZE: Fat grips have become very popular in recent years but, again, the way you grip will determine the size, shape and type of grip. Conventional grips are round, fit to the shaft and allow for a variety of ways to grip the club. Other grips are

square or partly flat and won't suit some gripping styles.

3 LOFT: Your putter may look flat, but it will usually have a loft of 3 to 4.5 degrees, which gives the ball lift as you strike it, but obviously not so much lift that it causes bouncing, which would affect your distance. The putter and the driver are the only clubs that should strike the ball on the upswing.

4 HEAD BALANCE AND WEIGHT: Arguably the most famous putter design was Ping's Anser. It has an offset hosel (the place where the club head fits into the shaft), which allows the player to see the ball more easily and shifts the weight of the club head to the heel and toe to give the club face a bigger sweet spot and improve stability. Ping's putters were not heavy, as designer Karsten Solheim believed that the putting stroke had to have a decent amount of follow through to get the ball rolling properly. Golfers who "stab" the ball more might want more weight from the club head.

5 SHAFT STYLE: The way the head is attached to the shaft varies and shafts have different shapes. There are offset shafts and shafts with no offset, as well as variations between the two types. Also, shafts have different shapes or bends, but these details are more a matter of personal taste than science. Try before you buy.

The putter accounts for more strokes than any other club in your bag. Getting the right putter can make a huge difference to your day on the golf course. ●





Meet Champagne's competitors

Sparkling wines using unconventional grapes

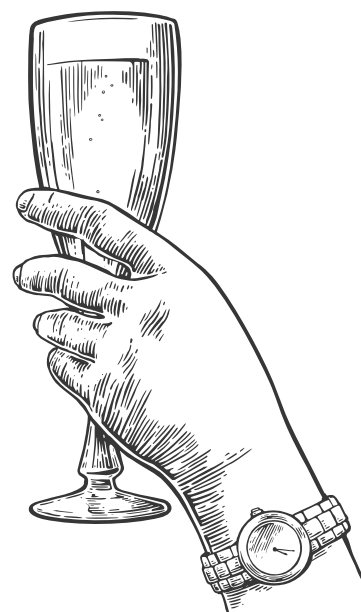
Corks are popping and glasses are clinking. You might be thinking that those are the sounds of the holidays and that this is the time for a surge in sparkling wine sales — except, these days, consumption is high year-round.

Bubbly has been enjoying a kind of renaissance over the past quarter of a century, during which it's been the fastest growing wine category globally. Up an average of 1.9% in sales per annum, the world went from consuming 150 million cases in 1990 to 260 million cases in 2017. While Germany, Italy and France are the three biggest markets for sparkling wine sales, the US and the UK are the world's biggest sparkling wine importers.

A key driver in the global craze for fizz has been Prosecco — Italy's bubbly. Its affordability and availability have brought to this segment many drinkers who had perhaps been daunted by Champagne's high price point and more austere flavour profile. But now lovers of sparklers are branching out. As sparkling wine sales are expected to continue on their upward trend for the foreseeable future, more and more producers are experimenting with non-traditional grapes to stand out in a market that demands sparkle.

Prosecco is truly Italy's powerhouse wine, made in the northeastern regions of Veneto and Friuli-Venezia Giulia near Venice. It's made predominantly with the Glera grape, of Slovenian origin, and has a neutral flavour profile, which is enhanced by the region's cooler climate. But Italian winemakers, even those from the warmer climes, are picking up on Prosecco's success.

Down south in the Campania region, where Naples is located, producer DUBL is making Champagne-method bubbly from native Greco, Aglianico, and Falanghina grapes. After enlisting the help of a famed Champagne producer, DUBL managed to receive 13 reviews of 90 points or more from *Wine Enthusiast* magazine, and it is widely known as one of the best sparkling wines in Italy. DUBL's sparklers are elegant, light, and mineral, and are from single varietals of the aforementioned grapes.



In southwest Spain, Rias Baixas wineries, known for their crisp and saline-driven Albarinos, are now experimenting with Cava's fame by turning their beloved grape into a sparkler. Using the traditional Champagne method, Bodegas As Laxas is finding success with their trailblazing Sensum Laxas, something that is proving a hit with Tokyo's millennial market.

Perhaps the most interesting sparkler of all is an Australian sparkling Shiraz, one of the world's few true sparkling red wines. Hailing from the Barossa Valley, sparkling Shiraz differs from all other bubbly in that the winemakers ensure the fermenting juice has prolonged contact with the skins of the grapes. This allows all colour and tannin to leach into the wine, which is then often made in the traditional Champagne method, producing a unique, dark red bubbly. Wine producer Seppelt makes its Show Sparkling Shiraz only in the best vintages. ●





DOWN TIME

TEXT BY ANDREW HOWITT



Daniel Lauré

Company: TOTAL

Official title: Country Chair

Originally from: Paris, France

Length of time in Japan: One year

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

Somewhere quick, cheap and simple: the fridge if I'm at home, or the closest *konbini* when I'm out.

What do you do to stay in shape?

I bike for 30 minutes in the mornings. It's a good way to start the day.

Name a favourite movie: Any of the James Bond films.

Favourite musician: Diana Krall.

Favourite album: I don't have a favourite. I like listening to a variety of artists on streaming services.

Favourite TV show: I never watch TV.

Favourite book: I enjoy Fred Vargas' detective novels.

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

In addition to my engineering diploma, I graduated from university with a law degree.

Cats or dogs?

Neither. I prefer fish.

Summer or winter?

Summer. I love the sun and heat.

What's your ideal weekend?

To discover new places, or to meet up with friends — with no time constraints.

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

Home, where I can enjoy a drink with my wife and friends.

"I bike for 30 minutes in the mornings. It's a good way to start the day."



Patrice Conxicoeur

Company: HSBC Global Asset Management (Japan) K.K.

Official title: CEO

Originally from: Paris, France

Length of time in Japan: Three and a half years this time. More than eight in total.

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

There are too many places to choose from. Perhaps plate tokyo, near the Nishiazabu intersection, or maybe a recent find, Mari e Monti, in the same area.

What do you do to stay in shape?

Hiking in summer, skiing in winter, the gym in between.

Name a favourite movie:

The Godfather Part II, *Seven Samurai*, *Interstellar*.

Favourite band: I'm a huge music fan so it's hard to pick one. The last two concerts I went to were Pink Martini and Def Leppard.

Favourite album: Pink Floyd's *The Wall*.

Favourite TV show: I recently watched *The Great War* on YouTube, coinciding with the 100th anniversary of WWI. I learned a lot.

Favourite book: Frank Herbert's *Dune*.

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

I have a serious case of audiophilia, leading to irrational purchases of bulky hi-fi equipment.

Cats or dogs?

No pets at home, I'm afraid!

Summer or winter?

Winter.


What's your ideal weekend?

Some family time, some culture, some sport, and seeing some friends.

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

PB near Nishi-Azabu. Or JBS — which stands for Jazz Blues Soul — in Shibuya. The owners of both places have amazing vinyl collections and know their music!





Kienbaum Japan / K.J. Consultants K.K.

Etsuji Suzuki,
representative director
and president

Kienbaum is one of Europe's leading executive search firms, operating on the belief that human capital is the decisive factor for success when faced with global competition.

"Our comprehensive consultation approach ensures that, together with our clients, we secure the optimum deployment and development of people who will bring success to an organisation," says Etsuji Suzuki, representative director and president of Kienbaum Japan / K.J. Consultants K.K.

"We do not believe in keeping the 'merry-go-round' of established executives spinning," he adds. "Our competence and focus lie in both top and upper management, as well as middle management." ●



PINK BALL 2019

Saturday, March 9

6:00p.m. – 12:00 midnight

The Westin Tokyo, Galaxy Ballroom

¥35,000/seat, ¥350,000/table

Pink Ball is the Foundation's biggest charity event of the year, and this year we celebrate our 17th anniversary.

All proceeds raised will go towards the Foundation's community outreach programs including The Lemon Project seminars and publication of PINK, our quarterly bilingual magazine for women's health.

All of our programs are developed and carried out free-of-charge to improve the QOL of breast cancer patients and survivors, as well as to raise greater awareness in Japan – both in the Japanese speaking and international communities.

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