

# eurobiz JAPAN



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upswing is in the works

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on the future of education

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Top  
Flight

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SAS

02 2013

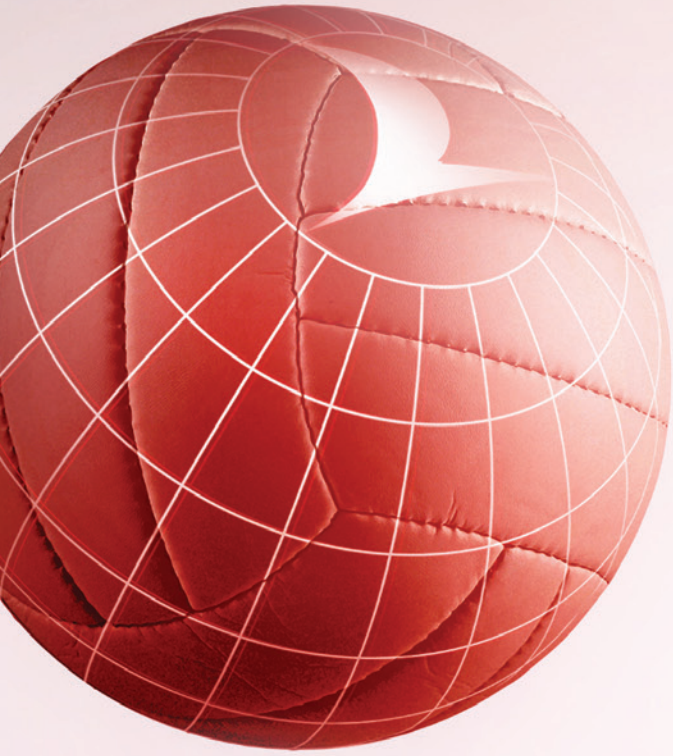


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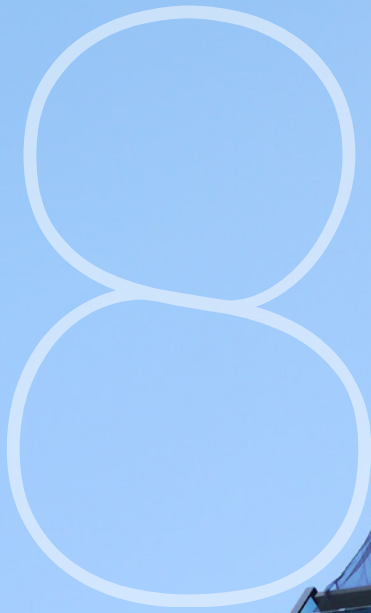
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eURObiz Japan welcomes story ideas from readers and proposals from writers and photographers. Letters to the editor may be edited for length and style.

## Contributors

**Gavin Blair finds optimism in the construction industry, page 8**



Gavin has been writing about Japan for about a decade and currently contributes articles to magazines, websites

and newspapers in Asia, Europe and the United States on a wide range of topics, from business and politics to culture and entertainment.

"It made a change to talk to people who sounded genuinely glad about the return to power of the Liberal Democratic Party. The construction industry looks set to benefit from the promised increase in public works spending, with some predicting a knock-on effect for the whole economy."

Julian is an Australian who, after undertaking a Master's degree at The University of Tokyo, began writing about a range of topics, from art and culture to travel and environmental issues. His articles appear in newspapers, magazines and websites based in Japan, Europe and the United States.

"Interestingly, this article began life with the classical arts. It quickly found itself in the realm of current contemporary art, and I was fortunate to have interesting conversations with some of Europe's major cultural

**Julian Littler talks to the people who bring us European culture, page 12**



institutions in Tokyo, revealing their new art policies and details of a dynamic year for European art this year in Tokyo."



**Justin McCurry explains the value of the ETP Training Programme, page 20**

Justin is the Japan and Korea correspondent for *The Guardian* and *The Observer* newspapers in London. He also covers Japan for *Global Post*, *The Christian Science Monitor*,

*The Lancet* and other publications, and makes regular appearances on France 24 TV and BBC Radio.

"The EU and Japan have given us plenty of grim economic news over the past year. It was encouraging, then, to see 31 Europeans with a diversity of professional backgrounds arrive in Tokyo last month, brimming with enthusiasm as they began a year's study of Japan's language and business culture. If they are typical of the EU's young professionals, we all have reason to be optimistic."



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# Into the unknown

In the Economist Conference's Japan Summit 2012, titled "Megachange 2050: New vision for an uncertain future" (page 14), panellists struggled with the dilemma of prognostication. We have to do it in order to prepare, but we know we will be wrong. Still, the discussion was useful wherever it revealed solid information about the way things work right now.

One of the questions raised concerned how Japan can educate its youth to successfully tackle the challenges ahead. Under the current education system, said Prof Yoko Ishikura, it cannot. We were fortunate to be able to follow up on this topic with Ishikura in an extensive Q&A session (page 16). Her candour about what ails Japan's schools is matched by insights revealing a future that is genuinely exciting.

She reveals that Japanese students are not waiting for slowpoke businesses to catch on or catch up. Neither are women. Organisations that harbour outmoded attitudes will simply be

left behind as creative, courageous, independent-minded individuals find new ways to push, skirt or destroy conventional boundaries.

The internet and social media have "shifted the power structure", Yoshikura says. No institution, not even a government, can expect any advantage from hogging or manipulating knowledge.

University graduates now enter a world in which new information, systems and technologies become instantly available just about everywhere. Their world is as diverse as it is global. They can acquire online whatever knowledge, skills and connections they feel they might need to prosper in it. The premium on inventiveness and adaptability grows ever higher.

The world has changed and is still changing, ever faster. It is a daunting place. However, if change means opportunity, this world is staggeringly rich in opportunity. For example, whole new fields of science emerge – with new forms of collaboration

– as computer-aided multidisciplinary approaches develop, together with advances in productivity and efficiency.

Another reminder of our need to respond positively to the unexpected is Gavin Blair's story (page 8) about Japan's reconstruction efforts and the role of European companies. Every disaster has its lessons, and opportunity lies in the adjustments that must be made, each time with new technologies, new perspectives and better information.

To meet a group of Europeans about to become fully engaged with this new and exciting world, and contribute to EU-Japan business relations, look no further than Justin McCurry's story (page 20) on the refreshed ETP Training Programme.



**David C Hulme**  
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# Rebuilding Japan



*Construction industry upswing is in the works*

Text GAVIN BLAIR

A new government is determined to boost the domestic economy through public works spending: much of Tohoku is still to be rebuilt and large-scale developments are in the pipeline for Tokyo. The outlook for the construction industry is brighter than it has been in years. However, access for foreign companies has never been easy and this remains a difficult market to navigate.

As the wisdom of austerity measures being implemented around much of the industrialised world is debated,

the Liberal Democratic Party (LDP) victory in December looks set to return Japan to the kind of major public works programmes that were undertaken for much of the latter half of last century. Although those projects appeared to have little real long-term effect on the economy, the construction industry was at least kept busy. There are hopes that the spending will be more focused this time around.

“It really depends on what they’re going to spend the money. In light of the [December collapse of the Sasago] tunnel, I assume they’ll spend a fair amount of it on infrastructure

maintenance and repairs,” says Andrew Gauci, managing director at project manager Lend Lease Japan.

“Ideally, they would concentrate on renewable energy and improving the efficiency of existing buildings. If spent in the right areas, it could be positive and help growth going forward,” adds Gauci. “As long as it’s not the ‘pouring concrete into streams and further tetrapodding of the coast’ type of projects – and it focuses on sustainable buildings – it could be very useful.”

Guido Tarchi, representative director of Permasteelisa Japan, a provider of building façade systems, has high hopes for



“THE JAPANESE GOVERNMENT HAS BEGUN TO SEE THE **BENEFITS OF TRANSPARENCY**”  
Andrew Gauci

the new government's spending plans.

“Everybody is now talking about the return of the Jimintou [LDP], with heavy public spending, which should logically generate an increase in consumer confidence and investment,” suggests Tarchi. “It will increase the public debt burden, but that will be left for future generations to pay back.”

Others are even more enthusiastic about the new stimulus measures.

“A lot of countries are cutting public spending, so the announcements from the Japanese government are good news, as they are aimed at creating growth and boosting consumption,”

says Philippe Schwindenhammer, president of glass specialist Saint-Gobain HanGlas Japan.

Increased public works expenditure may also dovetail with an upturn in the regular cycle of business in the construction industry.

“The areas in which we operate, very large office buildings and luxury retail properties, have peaks and troughs. It's not particularly stable,” says Permasteelisa's Tarchi. “Last year was a time of oversupply, and 2013 is likely to be relatively calm. But the projects for 2014, 2015 and 2016 are already down on paper, and our technical office is extremely busy. So we are quite positive about the coming years.”

As Japan has become a destination for affluent Asian tourism in recent years, so luxury brands are also continuing to invest here, notes Tarchi, whose company supplies “complex façade systems” to many such high-end retailers in Tokyo, Osaka and Nagoya.

Lend Lease's Gauci is also cautiously optimistic in his outlook for the sector.

“Even though the situation for real estate and office buildings in Tokyo

has been tough, we're seeing a lot of people coming back and looking at deals which didn't exist six to 12 months ago,” says Gauci. “We think there will be an upswing in the market in the sector in 2013.”

As the two-year mark since the 3/11 Tohoku triple disaster approaches, there is a huge amount of rebuilding still to be done, with some of it moving at a frustratingly slow pace. There are few overseas firms active in the region, though this does not appear to be simply due to anti-foreign bias.

Lend Lease Japan is one the few overseas firms to have carried out significant work in north-east Tohoku, overseeing part of the restoration of the telecoms network in the immediate aftermath of the triple disaster. More recently, it donated its design and project management services to the building of a ‘Koalkan’ learning centre and library, which opened in January in Minami-Sanriku (Miyagi prefecture), funded by donations from the ANZ bank.

“We specified materials, such as timber, from Tohoku for the project, so even if you're coming in from outside the →



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## TECHNICAL SOLUTIONS TO DRAMATICALLY REDUCE ENERGY CONSUMPTION ALREADY EXIST



Left: Lend Lease was project manager for this telecommunications antenna in Minami-Sanriku. Below: Azabu Gardens - the first building in Japan to achieve LEED new construction Certification.



region, you can still use local materials and have a positive impact," says Gauci.

Gordon Hatton, vice-president of Pembroke Real Estate Japan and EBC Construction Committee chair, notes that many labourers and skilled tradesmen from Tohoku who had moved to the Tokyo area have now returned to work on rebuilding in the region. Combined with a huge retirement rate among the construction industry's ageing workers during the past five years, this has created skill shortages and pushed up labour costs in Tokyo, he says.

This shortage of manpower, however, may lead to further technological advances, suggests Hatton.

"It wouldn't surprise me if, back in their research labs, the contractors are looking at yet another level of automation or prefab construction. In the next five to 10 years, we'll probably see some sort of next generation of building technology come out of the Japanese contractors," says Hatton.

Another potential positive side effect from the tragedies of 2011 is a boost to energy-efficiency measures.

"When I was here the first time around, in 2005 to 2007, there was very little interest in energy-saving measures such as insulation, but that is very different now," says Saint-Gobain's Schwindenhammer. "I came back at the end of 2011, and there has been a major change in attitude."

He adds that government plans to legislate for improved insulation for 2020 puts the solution "very far away", since technical solutions to dramatically reduce energy consumption already exist.


Regulatory issues are never far away in a sector like construction, though many in the industry report progress.

"There have been general improvements and the Japanese government has begun to see the benefits of transparency, hence giving foreign firms more opportunity," says Gauci of Lend Lease.

Meanwhile, Pembroke's Hatton sees the complex industry structure and strong interdependent relations between domestic contractors and suppliers as a bigger barrier to entry for outsiders than any regulatory hurdles.

Permasteelisa's Tarchi believes the exacting requirements of the Japanese general contractors are often tougher than any mandatory stipulations. "This means that, in certain cases, the standards of the companies on-site exceed those required by the authorities."

Japan still provides the opportunity for profits in an environment that is currently less competitive than the high-growth markets of Asia that are being fought over by every global company, according to Gauci.

"As a foreign firm, if you can leverage a competitive advantage in Japan, a market that doesn't always see new ideas, you can really extract value from what is still one of the largest economies in the world." 

# Going all modern

## *Cultural exchanges may be losing the classics*

Text **JULIAN LITTLER**

New art is the way of the future. On this, there is full agreement among the directors of the British Council Japan, l'Institut Français du Japon - Tokyo, Goethe-Institut Tokyo, Instituto Italiano di Cultura, Tokyo, as well as the cultural officer of Embassy of Spain in Tokyo.

European classics are still a major part of the Japanese art scene, but production costs and ticket prices can be high.

"It is much cheaper to bring in and promote new art than it is to bring 50 Velázquez paintings, you know," says Santiago Herrero Amigo, the recently arrived cultural counsellor at the Spanish embassy.

The shift in emphasis, he adds, will affect the Year of Spain in Japan, which begins in October to celebrate 400 years of relations between the two nations.

The festivities will emphasise the contemporary – blending art, culture and gastronomy. There will be many events and exhibitions in the tsunami-devastated north-east Tohoku region, with which Spain has a special bond. It was from Ishinomaki (Miyagi prefecture), in that area, that samurai Hasekura Tsunenaga embarked for Spain in October 1613, on a mission to forge diplomatic ties on behalf of his feudal lord. A portrait of Tsunenaga, painted in Europe at the time by Claude Deuret, will be on exhibit during the celebrations. Amigo says the painting is

thought to be the first of anyone from Asia by a European master.

Launching the series of events, says Instituto Cervantes de Tokio director Antonio Gil de Carrasco, will be a discussion between Nobel Prize literature laureates Mario Vargas Llosa and Kenzaburo Oe, accompanying an international congress on Spanish languages and cultures. With both Spanish and Japanese experts contributing, the forum aims to encompass the entire Spanish-speaking world.

In February last year, the Institut Français launched Digital Shock, an arts festival with a new direction.

"The idea was to create an event for a broad audience; something that everyone can enjoy, and with great figures in digital arts," explains the institute's art director, Samson Sylvain. "For example, Gregory Chatonsky, who is one of the most important digital artists today. Also [visual label] AntiVJ."

Sylvain says the institute, which was brought under the cultural wing of the Embassy of France in Japan last year, wanted to touch on every field in the digital arts, including installations, mapping, music, video games and architecture. When asked if the institute ever organises classics content, he is unequivocal: "Not at all. It is always contemporary content."

The Italians are also keen to get up to date.

"Everybody knows [English] Damien Hirst. Everybody knows all the big names in contemporary art, but no-one knows any Italian names, so this is

of course an Italian problem," says Valentina Pompili, PR officer for the Italian Institute of Culture, Tokyo.

"We are trying to promote both ancient, traditional forms of art, and the more contemporary," adds Edoardo Crisafulli, the Italian Institute's cultural attaché. "Italy is not just the Renaissance or the Middle Ages. Italy is much more than that."

Crisafulli explains that the successful Uffizzi Virtual Museum, housed at the Tokyo Italian Institute in October and November of 2011, came about in a bid to combine technology with art, using the new to enhance the old.

"It's catching on, but it's taking a while. We have to work on it," he says.

The Uffizzi Virtual Museum was a collaboration between Florence's Uffizi Gallery, Japanese industrial conglomerate Hitachi and Italian company Centrica. The project brought centuries-old artworks into the digital age, enabling the visitor to render them to scales never seen before. Hitachi handled the technical side in Japan, providing screens and cameras, while Centrica organised the Italian end of the project. One-hundred images from the famous gallery were photographed in high definition and displayed on touch-screens for easy interaction.

This year, for the biennial six-month "Italy in Japan" extravaganza, the Italian Institute, the Italian Chamber of Commerce in Japan and the Embassy of Italy will come together as "an Italian system" to promote Italian art and culture in Japan, according to Crisafulli.



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“ [THE GOETHE INSTITUTE FOCUSES ON] THE **EMERGING GENERATION** WHO DELIVER BRAND NEW INSIGHTS INTO OLDER HABITS OR QUESTIONS ”

Raimund Wördemann



© UFFIZI

The British Council is another good example of a cultural institute working closely with its nation's diplomatic corps. Jeff Streeter is concurrently director of the British Council and cultural counsellor of the British Embassy in Tokyo. The UK-Japan relationship, he says, is dynamic.

“It's very strong, and there is a very good relationship in the area of culture between the two countries. I think it is fair to say that it has grown stronger over the decades,” says Streeter. “It is a reflection of the growth of both economies and both unique artistic traditions, which complement each other in interesting ways. This is very important growth.”

Streeter was delighted when the New National Theatre, Tokyo (NNTT) chose British art as the focus of its 15th

anniversary last year, with offerings in opera, ballet and theatre. The triptych programme included Benjamin Britten's epic opera *Peter Grimes*, Shakespeare's melodious *Richard II* and the French ballet *Sylvia*, choreographed by internationally renowned British choreographer David Bintley.

The British Council is very similar to its mainland European counterparts as it strives to promote both contemporary art projects and maintain home-grown classics.

“In recent years we have sought to reach new audiences through activities that match exciting new events and happenings from the UK with institutions and producers in Tokyo and the rest of Japan,” says Streeter.

The Goethe Institute Tokyo held 1,009 events in Japan in 2011 to celebrate 150

years of friendship between Japan and Germany. Institute director Raimund Wördemann says that the central drive of the institute is “to strengthen the ties of art relationship from a more European point of view and tradition”. The focus is on subsidising young artists, or “the emerging generation who deliver brand new insights into older habits or questions”. Since 2011, the Goethe Institute has organised an artist residency programme in Kyoto, called Villa Kamogawa, which hosts up to 12 artists from Germany each year.

The European cultural institutes are unintentionally allied in the promotion of new art forms. Innovation, and technological and interdisciplinary creativity are coming to the fore. This year will be packed with potential case studies for their successes and failure. [e](#)

# Crystal ball

13 December 2012, Japan Summit 2012 –  
Megachange 2050: New vision for an uncertain future

Text **DAVID C HULME**

How ambitious is it to predict what the world will be like in 2050, and thus how to prepare for it? *The Economist* Tokyo bureau chief Henry Tricks put the question in perspective for an elite group gathered at the Hotel Okura Tokyo, saying: “None of us knows what will happen in three days, let alone a year.”

If current trends continue, said Tricks, “by 2050 Japan will hold 28 million fewer people. There will be newly desolate areas and a very crowded Tokyo”. Current trends, of course, may not continue. Nevertheless, for insights on what the future may hold, opinions were sought from luminaries known for understanding what is happening today, or perhaps what happened yesterday.

Among the panellists were Atsushi Saito, president and CEO of the Tokyo Stock Exchange; Kotaro Tsuru, project leader for the 21st Century Research Institute; Yoichi Funabashi, chairman of the Rebuild Japan Initiative Foundation; Yoko Ishikura, professor, Graduate School of Media Design, Keio University; and Sakuichi Konno, managing director of the Japan School of Policy Making.

And there was John Andrews. The conference theme was based on the 2012 book, *Megachange: The World in 2050*, published by *The Economist*, and edited by Andrews and Daniel Franklin. Its 20 chapters cover such topics as demographics, language, gender and climate change.

Fertility rates, said Andrews at the summit, will keep falling. “Women are deciding to have fewer children. That has been going on for a long time, first in the advanced countries and now everywhere.”

On climate change, he said, the book explains that the process is almost certainly irreversible. “Our challenge will be to adjust.”

On the emergence of China, Andrews noted that well before 2050 Chinese military spending will overtake that of the United States.

How Japan copes with all this change will depend on how well its new generation is educated, said moderator Simon Long, a columnist for *The Economist*. He asked Keio University’s Ishikura (see also this issue’s Q&A column) whether the Japanese education system is equal to the task. Her reply was an emphatic negative.

“There is not enough variety of ideas. We don’t teach critical thinking. You are punished for challenging authority and for being different,” she said.

After the morning coffee break, a panel discussed “Japan’s politics: Leadership and followership”, what its gradual evolution portends and whether Japan’s politicians will be the last to find out.

Konno, of the Japan School of Policy Making, complained that Japanese government policies are still drafted mainly by bureaucrats, and therefore tend to emphasise the needs of producers.

“As a mature nation, we need to pay more attention to consumers,” he said. The mindset of the Japanese voter, however, has begun to change, he added.

“Since 3/11, the Japanese have begun to see themselves as principals in the political process. They no longer feel that they can leave things up to the authorities.”

Konno also called for the creation of more private think tanks dealing with public policy, saying: “The analysis to assess policy alternatives is a lot of work.”

He suggested that social media may be able to compensate by creating “virtual social think tanks, in which interested, responsible citizens can participate”.

The final session of the morning, moderated by journalist David McNeill, concerned Japan’s energy mix, and how government policy may shape the future for better or worse.

“Never waste a good crisis,” said Jesper Thomsen, deputy head of mission at the Royal Danish Embassy in Tokyo. Denmark, he pointed out, imported all its energy before the 1973 oil crisis, but



Joseph Bevash said Japan should use nuclear energy

is now a net energy exporter. He argued for a diversification strategy and for restarting reactors “because of the massive amounts of CO<sub>2</sub> that Japan is now emitting”.


Joseph Bevash, who heads the Tokyo office of law firm Latham & Watkins, agreed that nuclear energy, and earthquake-resistant technology, should be part of Japan’s future.

Tatsuo Hatta, visiting professor at Osaka University, was against nuclear power on the grounds that no solution has been found to the problem of spent fuel, and that storage is an unquantifiable but ever-increasing cost.

In the afternoon, panellists considered the extent to which massive destruction, specifically the 3/11 triple disaster, presents opportunity.

A session on the future of corporate Japan touched on the imperatives stemming from a globalised workforce, and the issues of gender and race, as well as business culture, in a networked 21st century.

An afternoon session was spent discussing the formidable challenges faced by whoever might win the 16 December elections in Japan. With entertaining presentations, lively panel discussions, thoughtful questions from the floor and TED-style presentations, the day went by quickly.

Reform – political, social and institutional – was a recurring theme throughout the day. Without it, according to Nippon Keidanren, Japan could fall out of the club of rich nations by 2050. This Japan Summit aimed to help Japan design a roadmap to a brighter future than that. 





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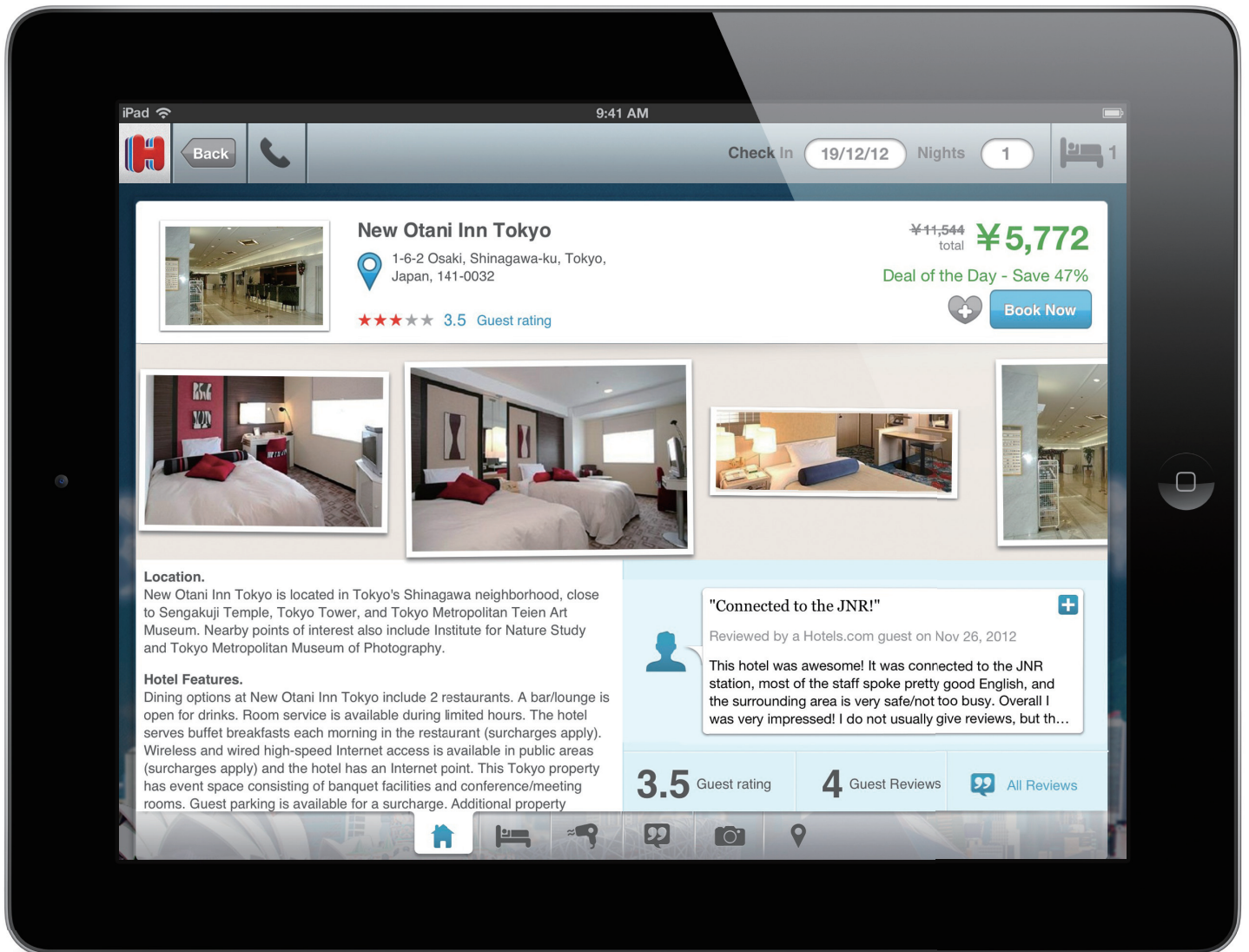
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# Perfect FIT

## *Startup optimises solar power advantage*

Text and photo **ROBERT CAMERON**

As the Shinkansen barrels along from Tokyo to Osaka, through Japan's industrial heartland, Martin van der Linden and Hans van der Tang see a vast expanse of opportunity. Through their company, Nihonsolar, and helped along by the Japanese government's feed-in tariff (FIT) system, they want to turn a sea of rooftops into power-generating, money-making spaces.

Since the 3/11 disaster, interest in alternative energy has grown in Japan, but implementation is still far behind other parts of the world. Globally, alternative energy (generated mostly from wind and sunshine) is reaching significant proportions. In Germany, where renewable energy is taken very seriously, for the first time 50% of the nation's power was generated from alternative sources on a sunny, windy day last September. Other countries are inching up to that level, but Japan, despite its expertise and major presence in the global solar-panel market, is lagging.

The government introduced the FIT system to provide a guaranteed price for user-generated power and feed-back into the electric power grid. Such owners can earn money by connecting their solar panels to the grid, and selling the generated power to utilities at the government guaranteed price. Suppliers that generate over 10kW receive ¥44/kWh, which is double the world average, guaranteed for 20 years. The rate is up for review early this year.

Various companies, especially solar panel vendors, offer to install the panels, connect the client to the grid, and handle all related paperwork. However,

### NIHONSOLAR (DEVISES) AN **OPTIMAL MIX** OF PRICE, QUALITY AND PAPERWORK

according to van der Linden and van der Tang, the packages tend to be "cookie-cutter solutions" not necessarily best for the client.

Nihonsolar, on the other hand, takes a project management approach, devising an optimal mix of price, quality and paperwork, which can save the client considerable amounts of time and money. Their company is targeting primarily large European firms with landholdings in Japan. The response so far has been positive.

"We're going after the low-hanging fruit first," says van der Linden, an architect with an engineering background who has been in Japan for over 15 years.

"The government came up with the ¥44 figure by assuming a certain return on investment," says van der Tang, a business consultant. "We find that the financial people sit up and take notice when we point out that we can easily beat that, sometimes by a lot."

Their European connection as Dutchmen doesn't hurt.

"Many of our vendors for photovoltaic panels and whatnot are European companies. Germany, Spain and others have very innovative technology and expertise with solar power and FITs," says van der Tang.

Nihonsolar emphasises that 3/11 exposed the fragility of Japan's energy system and the need for backup power. Many factories in the affected area had




Hans van der Tang and Martin van der Linden

to shut down because of the electricity blackout, with ramifications throughout the supply chain.

"With your own solar power supply, a lot of that risk can be alleviated," van der Linden says. Having an emergency power supply can be good for business.

"Look at [Tokyo's] Roppongi Hills," van der Tang says. "It had a tainted reputation because of some of its tenants – Livedoor, for example – and occupancy suffered. But because it has its own power supply [via diesel generators], since March 2011 it's been fully occupied."

Nihonsolar sees plenty of potential. With the growing popularity of electric vehicles, for example, car park operators could attract more business by offering a battery-recharge service, with power from their own solar panels. Also, lowering client's carbon footprint goes a long way in terms of CSR.

"We're fighting the good fight here," van der Tang says. "We're offering a service that reduces pollution and lowers dependence on nuclear power, and those are huge benefits for business in Japan and for society at large." 

# School of thought

## *David C Hulme talks to Prof Yoko Ishikura*

Photo **BENJAMIN PARKS**

Yoko Ishikura, a Harvard Business School Doctor of Business Administration, is a professor at the Keio University Graduate School of Media Design (KMD) and a member of the Global Agenda Council of the World Economic Forum. The KMD was established in 2008 to train talented individuals to work on the global stage, developing new industries in a world where creativity is the driving force of the economy.

### **Many business people are concerned about the state of Japan's education system. How do you see it?**

Japan, overall, is falling behind. But education has not moved at all. In primary school, the aim is still to fill the children with information. The schools look the same as they did 40 years ago. This is amazing, because human capital is such a critical resource.

The system here was ideal for right after WWII. Now, what we must do is teach children to think. Elsewhere, such as Europe and the United States, the system is very different. Students are supposed to come up with their own solutions to problems.

### **Is reform likely?**

Not in the short term, because anything you try to change has to go through the whole existing structure. I don't believe in gradual change. We don't have time for that.

The University of Tokyo is discussing a plan for autumn entrances in five years. Students who join then will graduate a decade from now. The world will be totally different again.

### **What is the best option for Japanese students?**

Go overseas and/or go online. They are already trying to develop themselves. They go to seminars and vocational schools, and many are very dedicated and serious, because they know there is something wrong.

These days, according to the recruiters, students work very hard. They are definitely ahead of the game, and sensitive to the changes. What I can't figure out is why they don't get angry enough to instigate reform.

We have a great group of young people. They have a global perspective, they are competent, they know more than we ever did, and they are doers.

They do interesting things. There is another group that is conservative. They are still looking for a full-time job with a big-name company.

### **How do employers find or unlock the creativity of Japanese graduates?**

They are finally figuring out that the old business model does not work any more. Top management understands now that innovation is the only way to survive. But innovation comes from new ideas. New ideas don't come from the same group, so you have to have diversity.

It is very difficult for senior managers to understand how much the world has changed, and whether their knowledge and experience is relevant today.

### **Have the HR departments changed with the times?**

They say they have, but it is very difficult to assess people whom you don't →





# St. Mary's International School

## *Students, Parents and Alumni*

To complement its rigorous academic programme, St. Mary's International School is home to award-winning performing arts groups, hosts cosmopolitan fine arts exhibits, and invites parents to strut their stuff both on the dance floor and in supporting roles for their children's activities.

Choirs from the Elementary, Middle and High Schools present concerts during the Christmas season and in the spring. In the High School, the Men's Choir and Varsity Ensemble travel abroad to participate in numerous choral festivals, and have received the highest awards. In the middle of winter, we turn the heat up at the ISCA Dinner Show, where parents gather to enjoy good food and the music performances of their talented children.

Students with an instrumental bent can gather in St. Mary's well-appointed band room with the Concert Band, Wind Ensemble and Jazz Ensemble. Boys from Elementary through High School appear in a number of concerts. The



high school Jazz Ensemble is always the favourite among the entertainers who perform at the St. Mary's International Ball. Members of our Choirs and Bands usually win the core parts in the annual Musical, performed together with the International School of the Sacred Heart and Seisen International School. This year's production is the Tony award-winning musical "The Fantasticks".

Nor do we neglect the fine arts. St. Mary's is one of a dozen international schools in the Kanto region that join together to host Artscape each March. The students always astound us with their fantastic painting, photography, pottery, fine metalworks and print art.



Parents are more than just supportive spectators of their children's talents at St. Mary's. Each year our enthusiastic parents tear up the dance floor at the International Ball. This year's theme is "Prom Nostalgia", reliving the '70s, '80s and '90s with music, fine food and dancing. In addition to serving as the social event of the year at St. Mary's, the International Ball features the Art and Sports Memorabilia Auction to raise money for student activities.

Parents of St. Mary's students and the alumni figure prominently among the world-renowned donors of artwork and memorabilia. This year the auction will feature works donated by painter Yuki Ninagawa, sculptor Len Makabe, jewellery artist Mayumi Yasugi, and graphic pop artist Sei Shimura. In addition, we will have autographed items donated by world-famous athletes, including former MLB rookie-of-the-year pitcher Hideo Nomo, three-time World Cup midfielder Hidetoshi Nakata and Asian Player of the Year footballer Kazuyoshi Miura, World Golf Hall of Famer Isao Aoki, and legendary Manchester United's Denis Irwin and Gordon McQueen.

For information about the International Ball, please contact

[internationalballsma@gmail.com](mailto:internationalballsma@gmail.com)

To find out more about St. Mary's programmes, visit [www.smis.ac.jp](http://www.smis.ac.jp)



understand. You have to be prepared to make mistakes, and HR departments are not capable of taking risks. It is difficult to recognise real creativity. That is a real challenge.

### **What does the Keio Graduate School of Media Design offer?**

The term, media design, does not reflect exactly what we do. Our mission is to develop global media innovators, using a combination of technologies and design thinking. It is supposed to integrate four elements: technology, design thinking, management and policy.

Innovation is the key, but now the aim is to develop a concept and a system, rather than just a product and a business plan, which tends to be the business school model.

What I really like about KMD is that we do a lot of prototyping. That's essential. With today's technology, it has become extremely difficult to predict whether a new idea will be viable.

### **Is it wise to encourage rebelliousness, non-conformity and risky behaviour?**

You need to constantly challenge the conventional way of doing things. Otherwise you sit still while the world around you is changing. In effect you are regressing.

You have to encourage people to challenge. That starts at home to some extent. It bothers me when parents answer on behalf of their children. You must have your own view, know who you are and where you are going.

### **Does it help Japanese students to spend at least some of their high school years abroad?**

Do it anytime, during high school or university. Living with a family abroad has a huge impact. You really need to experience something different so you can understand where you come from yourself. Going overseas forces you to have different experiences.

### **What needs to be done to tap the creativity of women in society and business?**

The important thing is that we have

so many opportunities now. Working full time for established companies is not the only job option. Rather than waiting for big business to change, I would want women to get organised themselves. It is pointless to merely imitate what men do.

The same goes for youth. Forget about working for the top companies. The world is changing so fast. Following a conventional path does not work any more.

### **Is there any reason for Japan not to be as innovative and creative as any other nation?**

Japan, as a society, is not encouraging entrepreneurs enough, and that has been hurting competitiveness. We don't celebrate experimentation, which is critical for innovation. If you are creative, the quickest way is to go out to where your creativity is celebrated.

In Japan, we don't have many people who have changed jobs, or locations, or type of work. Most people do not have much variety or change in their life. It is very difficult to do something different if you have that kind of life. To be an entrepreneur, you have to do something different.

### **You have suggested encouraging third parties to fix the divide between education and industry worldwide. How would that work?**

Worldwide, there is a lot of online teaching done by entrepreneurs or professors. That hasn't happened in Japan, so I am not counting on educational institutions to do something like that. Companies, or industries, could do it, because they are the ones that need the skills. It could come from established companies, but there are many other parties who can start something new.

Universities are not offering programmes that the business community needs, and business is still not clear what is needed.

We do need more people with varied experience.

At a business-government conference in the US, all the panelists had

experience in government and academia as well as the private sector. At the same conference in Japan, the participants are from one sector or another. So they talk forever and get nowhere.

### **Is there a model for Japan?**

There are some small initiatives taking place, such as Akita International University, with courses all in English. Companies are very interested in their curriculum and their graduates. Ritsumeikan University, in Oita, is very open and has a lot of international students.

But the examples are still limited and sporadic, and have not changed the way hiring is done overall.


### **I have heard that the Internet ended the age of power through monopolising information. Would you agree?**

Definitely. This is fundamental, transformational, global change. Information is available to everyone, and this has shifted the power structure.

What's happening is really profound, but Japan is somewhat isolated by language. So many Japanese people have TV as their main source of information. They cannot know how limiting that is unless they go beyond the Japanese language. I don't want to scare people by talking about what they might miss, but I say that if you know English the whole world is yours.

### **What important trends do you see in education worldwide?**

I like the combination of online and face-to-face teaching. The Knowledge Advisory Group Meeting [of the World Economic Forum] held in Tokyo discussed this and concluded that online learning is still very experimental, so it should not be one or the other. Each institution and each person has to figure out what combination or balance is suitable.

It is very exciting. Anybody who wants to learn should have access to education, no matter where they are, what age they are, or how poor they may be. Technology opens this incredible opportunity. 



# Never better

*ETP trainees face bright future for EU-Japan business ties*

Text **JUSTIN MCCURRY**  
Photos **WASEDA UNIVERSITY**



“When the time comes for them to develop their business in Japan, **everything they have learned** on the programme comes into play”  
**Daniel Van Assche**



Participants in the 2013 Executive Training Programme

There can hardly have been a better time to be in Japan and part of the European Union's Executive Training Programme (ETP), an EU-sponsored immersion in Japanese language and business culture that has played a vital role in bringing two global economic partners much closer together over the past three decades. Japan is the EU's sixth-largest trading partner and, although significant trade barriers remain, Japanese and European officials will soon begin long-awaited talks on a free trade agreement.

It was in that spirit of optimism that the latest ETP intake arrived in Tokyo from Europe in January to begin a year of

instruction that, if the experience of their predecessors is any indication, will see them emerge with the language skills and business know-how to succeed in what can still be a notoriously impenetrable corporate culture.

The programme was launched at the suggestion of the Japan Business Federation (Nippon Keidanren) in 1979, in very different economic times. The EU in its present form was in its conceptual stage, while Japan was nearing the zenith of its rapid post-war development.

“This programme started when EU-Japan ties were dominated by trade friction – it was a one-dimensional relationship,” says the EU ambassador to Japan, Hans Dietmar Schweisgut. “But our relations with Japan today are totally different; in fact no one remembers the acrimony of 30 years ago. There is talk of decline in Europe and Japan, but together we comprise a third of the world economy and we are still a major force, not only today, but also tomorrow. With the EU and Japan about to begin free trade negotiations, the participants are starting the ETP programme at the dawn of a new era in EU-Japan relations.”

More than three decades after the ETP's launch, the euro-zone has lurched from one crisis to the next, and Japan is struggling to emerge from two decades of stagnation. But perhaps it is because of the scale of the challenges facing two of the world's most important political and economic players that the programme's merits have come into sharper focus.

That is the opinion of the project manager at the European Commission (EC), Daniel Van Assche, who acknowledges that the first step towards doing business in Japan is “very high. The participants need help to jump onto that first step,” Van Assche, who was visiting Tokyo from Brussels, told EURObiz Japan.

For this year's 31 participants, the 45-week programme began with a three-week introductory module at the School of Oriental and African Studies, London University, where they learned about Japan's historical, economic, political, cultural and business background. Participation requires commitment.

“If you talk to ETP alumni, they'll tell you that the rewards come later. The course gives them added value, not just in terms of language skills and knowledge of business culture, but the opportunities to network,” says Van Assche. When the time comes for them to develop their business in Japan, everything they have learned on the programme comes into play.”

Early last month, candidates were priming themselves for



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**Kaoru Kamata, Waseda University president**

30 weeks of intensive business and language training at Waseda University. Its ETP committee, which embraces several academic disciplines, has been central to the programme's success since it first became involved in 2004.

"We pay particular attention to the cultural side of the programme," says Jusuke JJ Ikegami, an associate professor at Waseda and the university's academic coordinator for the ETP. "Here at Waseda we have the biggest Japanese-language institute in the country, the largest international student body and the largest business school."

The university offers five core courses, including management and business culture, a primer on Japanese government and economy, and several elective courses on topics such as marketing and corporate law, for those who want to deepen their knowledge. Most participants also take up the offer of up to 36 hours of extra one-to-one Japanese tuition.

The overarching aim, says Ikegami, is to give participants a lasting understanding of Japan that combines theory with practical knowledge in a fast-changing business environment.

"Japan is changing, of course, but while some companies are more casual and open, others remain very traditional," he says. "If you can learn about the very highest standards of behaviour expected, you can then make adjustments for other situations. People struggle with context and, in general, Japanese business culture is indirect. [Foreign businesspeople] know

that an action has been taken, but they don't understand why. They need to be able to 'read the air' and be aware of hidden norms."

Ikegami is confident that ETP alumni, once they have mastered the language and cultural basics, will find Japanese firms more amenable than ever to potential partnerships.

"Not all of them speak good English, but interest in forging global partnerships is high," he says. "They now understand that international business is not just a matter for the international department. Now they want the entire company to be involved. If ETP alumni can speak Japanese, they will find it easier to establish a rapport, and that's why now is a great time to be part of the programme."

Organisers and participants alike agree that success generally hinges on two key parts of the programme: writing and pitching a business plan, and a 12-week internship with a Japanese company.

The boast that ETP participation brings tangible benefits to alumni and their companies – which, remember, have effectively granted their employees a yearlong sabbatical thousands of kilometres from head office – is not an empty one.

On average, the Japan-related turnover of ETP participant companies doubles, while the salaries of those involved rise 350% within a decade of their graduation, according to the EC. About two-thirds of ETP alumni have gone on to become senior executives at their companies, while some are still in Japan years after they have completed the programme.

This year's ETP participants are an eclectic bunch, with backgrounds in everything from publishing, architecture, furniture design, medical technology, financial services and food marketing to biotechnology and hospitality. Some are just beginning their careers, while others are mid-career and looking for new opportunities. About half work for firms already established in Japan, while



**Jusuke JJ Ikegami**

the remainder are with new entrants or relatively recent arrivals. Since its inception in 1979, more than 1,000 executives from 800 companies have completed the programme.

"This is a great opportunity to take some time out from work, learn the language and meet people in Japan," says Paul Bänziger, who works for the Dutch publishing firm Wolters Kluwer. "It is still difficult for Western publishing houses to succeed in Japan, and the best way to overcome that is to live and work here. I want to develop a plan to facilitate possible market entry for our firm, and hope that perhaps my internship may lead to a partnership. To do that I need to be able to speak Japanese."

EU officials say candidates are chosen on the strength of their potential and business plan; there are no nationality or gender quotas. This year, Italy and Spain are particularly well represented, and the emergence of eastern European countries into the EU fold is reflected in the presence of participants from Estonia, Lithuania, Hungary and Poland.

Each participant brings an array of ideas and aspirations to the ETP. Its success in Japan led to the launch of a similar programme in South Korea in 2002. But, beneath the minutiae of individual business plans, lies a common goal. As the president of Waseda University, Kaoru Kamata, told the participants: "I have great expectations that you will work hard to build bridges between the EU and Japan." 



SAS

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For business and pleasure

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Text **DAVID C HULME** Photo **BENJAMIN PARKS**

Sixty-two years ago this April, SAS passengers who disembarked in Tokyo had endured a flight of 57 hours with seven stops. In those days, most of the passengers were citizens of three Scandinavian countries (Denmark, Norway and Sweden) whose national airlines formed a partnership in 1946 to handle intercontinental passenger traffic.

"Japan has always been important for us," says Leif Nilsson, Tokyo-based Asia and Pacific regional general manager for SAS. Even today, he adds, the majority of SAS passengers are Scandinavians travelling to do business with the rest of the world. The Japan route is an exception, he explains, "because more than half the seats are sold in Japan".

To achieve this, SAS markets distinctly Scandinavian attractions to two groups of Japanese.

"There are older people who have ample time and money to spend," says Nilsson, who has been posted in Asia for 14 years and arrived here in mid-2011. "And there are young people who are very interested in Scandinavian fashion, design and dining. A Copenhagen restaurant, Noma, has been voted best in the world."

There is also a fascination with nature and natural phenomena, including the spectacular fjords, the aurora borealis in winter and the midnight sun at the height of summer.

"This year and next, according to the scientists, the northern lights will be better than ever," says Nilsson. An activity maximum is expected to last several years, in fact, in association with a surge in solar activity. For Japanese keen to see the display, SAS offers from December to March four flights direct from Narita to Kiruna in northern Sweden, and to two similarly out-of-the-way towns in Norway.

"They are small towns, but they have a runway and are close to the sights, and that is the important part," Nilsson notes, adding that the travel agencies have done a great job of promoting the special attractions for the coming cycle of seasons.

Also popular with Japanese, as the

best way to experience Norway's formidably rugged coastline, is a Hurtigruten cruise. These ships were originally the only lifeline from the country's south to its remote and harsh northern lands, and many Japanese tourists spend two or three days onboard.

Complete coverage of the Nordic countries, providing 84 destinations and specific travel packages, is important to SAS.

"Scandinavia is probably not the first destination for Japanese in Europe," says Nilsson. "When they do a second or third trip, they want to see something different. We offer many options, and have succeeded in making very attractive packages."

SAS shares with other European airlines a raft of concerns over Japan's underdeveloped air-transport infrastructure, high operating costs, and a regulatory environment that limits expansion of services.

**“ YOU NEED TO  
KEEP DOING  
SOMETHING NEW ”**  
Leif Nilsson

On the positive side, though, the Scandinavian countries concluded an open skies agreement with Japan in September. Prized slots at Tokyo's Haneda Airport, unfortunately, are not included.

Costs are a perennial concern for Nilsson. In November, Stockholm-based SAS agreed with its backers (chiefly the Kingdom of Denmark, the Swedish state and the Kingdom of Norway) and creditors on a drastic rescue plan to slash costs, sell assets and refinance debt. The plan includes fresh union agreements, centralised administration and increased outsourcing.

The crisis was brewing for many years, Nilsson notes, and is by no means peculiar to SAS.

"With low-cost airlines coming in, the old national airlines need to switch to a lower-cost operating model. It is painful," he says. "But this was a matter of life or death."

Implementation of the plan will continue for some time, and Nilsson will have to manage his office of 20 staff frugally. Passengers, on the other hand, will notice no difference.

"We will operate the same number of flights and provide the same service," he promises. "Plus safety, which is the most important."

Globally, the airline will not take a backward step, and plans to add 45 new routes this year.

Nilsson expects competition in Japan and the rest of Asia to intensify. He is aiming at the corporate traveller with the 8%-discount "SAS Credit" deal.

"You need to keep doing something new," he notes. Business travellers might also take note of the fact that SAS is regularly named Europe's most punctual airline.

As worrisome as was last year's crisis, the airline can build on a fine tradition of survival through innovation. Jan Carlzon, CEO in the 1980s, turned the organisation around by flattening the management structure and insisting on a radically new approach to customer service. His subsequent book on the experience, *Moments of Truth*, became a reference best-seller.

"He introduced business class. People went the extra mile to give service," says Nilsson, recalling his impressions of the book. "The main lesson is that you have to make a decision immediately, when you have the customer in front of you. Carlzon encouraged staff to have the confidence, and to acquire the knowledge, to make such decisions."

In an age when the airlines business is dominated by engineers and technicians, Carlzon is quoted as having said: "We used to fly airplanes, and we did it very successfully. Now we have to learn the difficult lesson of how to fly people."

"Carlzon tried to make it more about service. He was the first to do so," says Nilsson.

No doubt, the airline business is risky. A dozen or so airlines went bankrupt last year.

Nilsson is confident that SAS can make the necessary adjustments to compete successfully. Whatever else happens, he reiterates, safety, punctuality and service remain the airline's hallmarks.



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# Martin Stricker

President, Swiss Chamber of Commerce and Industry in Japan

[www.sccij.jp](http://www.sccij.jp)

Text **DAVID C HULME**

It was the SCCIJ 30th Anniversary Dinner, on 11 October last year, and Swiss chamber president Martin Stricker had the podium, reading a historical document to the 180 or so guests, when chamber vice-president and MC Martin Fluck forcibly interrupted.

“Martin! Martin!” he scolded Stricker. “This is boring. Stop!”

Fluck then suggested a much more interactive presentation. With the help of a slide projector, and to the delight of a momentarily shocked audience, Stricker flew all the way back to 1982 for an interview with founding member Herman Gamper. They discussed how much more flexible Japan is in 2012 compared to 1982, and the wonder of time travel through “Swiss technology”.

“So,” Stricker explains now, “in the sketch, I brought Mr Gamper back to the present, to show him how the SCCIJ works today, and at last we gathered all the board members from the past 30 years. Some still live in Japan. Some flew in for the occasion.”

That event – and an anniversary luncheon the previous day featuring both Dr Thomas J Jordan, chairman of the Swiss National Bank, and Masaaki Shirakawa, governor of the Bank of Japan – illustrated well the close cooperation between the SCCIJ and the Embassy of Switzerland in Japan.

“Knowing that our anniversary celebrations coincided with the IMF and World Bank meetings in Tokyo, we worked with the embassy in preparation for a whole year,” says Stricker, explaining also the presence of Swiss economics minister Johann Schneider-Ammann at the anniversary celebrations. “The embassy gave us tremendous support.”

The SCCIJ’s 30th year was a good one, with increased membership and a positive balance sheet, says Stricker, who steps down this month, halfway through his second term.

“It has been a great experience, but I think it is time for some fresh blood,” he explains. “Besides, we have many strongly committed members on the executive committee, supported by a very motivated office manager and executive secretary, and that is what is moving the chamber forward.”

New members include Swiss companies in businesses such as confectionery, IT and hospitality. They join a community that is also involved in airlines, banking, construction, pharmaceuticals, chemicals, machinery, logistics and watches.

“New members include Japanese companies who have an interest in Switzerland, and we will be targeting more of them in the future,” says Stricker, who believes the chamber has succeeded in creating an attractive, informative website and newsletter.

“Now we have to make sure we are up to date in the selection and use of social media,” he adds.

Some of the Japanese companies on the SCCIJ target list might include those involved in mergers and acquisitions over the past couple of years. In May of 2011, Takeda



SCCIJ founding member Herman Gamper (C) and economics minister Johann Schneider-Ammann with SCCIJ board members past and present

Pharmaceutical purchased Zurich-headquartered Nycomed for about \$12 billion. In the same month, Toshiba acquired energy management specialist Landis+Gyr for approximately \$2.3 billion. There were important, though smaller, deals in 2012, such as Toyota Industries raising its stake in textile-industry instrument-maker Uster Technologies to more than 50%; UCC Holdings acquiring United Coffee; Fuji Seal International acquiring the PAGO Group, a leader in labelling technology; and Tokyo Electron taking over silicon thin-film equipment-supplier Oerlikon Solar.

“Swiss SMEs that are here do well **in niche areas**”

The SCCIJ has also tried hard to implement the lessons of the 3/11 disasters.

“At that time we had no contingency plan for the chamber. Now we do,” says Stricker, who praises the contributions of energetic specialists on his team. He is also proud of the fact that the chamber has its first female executive committee member, Yuriko Akiyama of modular furniture-maker USM U. Schaerer Sons.

The SCCIJ argues that even if the Japanese economy grows only slowly, its size is still compelling.

“Swiss SMEs that are here do well in niche areas,” says the chamber president. Besides that, he says, Swiss multinationals need to be in Japan to stay in touch with Japanese clients that they serve worldwide, as well as to keep an eye on the market.

“If you know what customers are demanding in Japan now, you know what they will be demanding in other markets in a year or two,” he explains. “You have to be here to stay ahead of that curve.”

The year ahead holds a surge in the number of SCCIJ events in the Kansai area, thanks to the leadership of chamber vice-president Christian Schaufelbuehl, who is general manager of Swissôtel Nankai Osaka.

Preparations have also begun for the 150th anniversary of Switzerland-Japan relations, in 2014.



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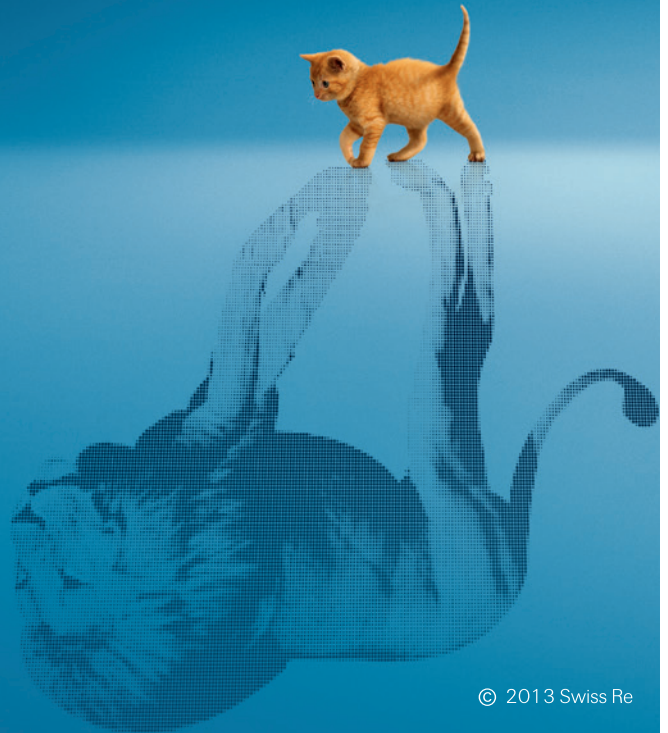
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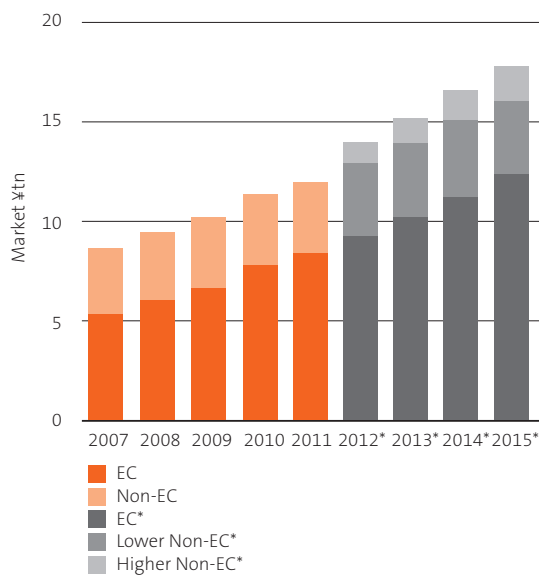
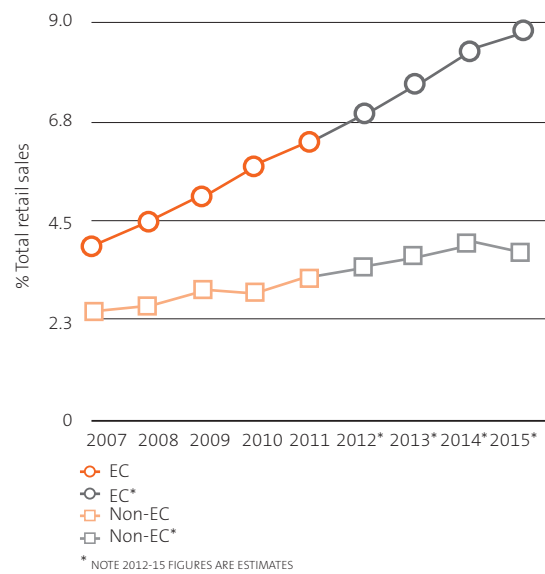


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# Non-store transformation

**Non-store retail sales 2007-15**

**Non-store retail sales as percentage of total 2007-15**

JADMA, IGETI, NRI, JAPANCONSUMING

Japanese love to shop, and the growing sophistication of non-store purchasing options gives them new ways to do it. E-commerce (EC) is transforming the entire retail industry, with the result that non-store retailing is set to overtake within a few years the general merchandise store (GMS) chains as the largest retail channel.

Direct marketing today includes various types of media, ranging from catalogues and TV to websites and mobile apps. Most of the larger firms have interests across all media types, including those that started with paper catalogues, but which now derive more than half of their sales from EC. Expanding into multiple channels, especially web and mobile, is particularly attractive for TV shopping companies because of the high fixed cost of content production. Physical retailers are moving into non-store channels too. In other words, the lines are blurring. Increasingly, major retailers talk about having a ‘multi-commerce’ strategy.

The Japan Direct Marketing Association (JADMA) estimates that non-store retailing exceeded ¥5.09 trillion in 2011, roughly 3.8% of total retail sales, more than double the 2001 amount. Although this figure is commonly quoted in the press, it is lower than the actual number. JADMA’s members have performed well below the sector as a whole, and the Ministry of Economy, Trade and Industry estimates EC alone at ¥8.4 trillion, 70% higher than JADMA’s figure for the entire non-store industry.

Combining data from surveys and key companies, we estimate that the total non-store retail market for 2011 was ¥12.78 trillion, or 9.5% of total retail sales – 6.3% from EC sales alone.

The proportion of total retail sales arising from non-store channels is growing rapidly. Nomura Research Institute estimates that by 2015, EC will expand to around ¥11.8 trillion. This is again a conservative estimate given current growth rates, the growing use of smartphones and tablets, and the likely impact of the increases in the sales tax rate (fiscal year 2014 and 2015).

Based on these factors, we expect that, by 2015, the total non-store market will range from ¥16.0 trillion to ¥17.8 trillion, with EC accounting for 70-80% of the total (see chart). Non-store retailing will increase from 9.5% of retail sales to around 12.5%, and will overtake GMS chains as the single largest retail channel. ☺


**ROY LARKE**

JapanConsuming is the leading provider of intelligence on consumer and retail markets in Japan. The monthly report provides news about, and in depth analysis of, current trends.

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# Automobile //

## Impact assessment

Text **GEOFF BOTTING**

Amidst the welcome the EBC has given to the decision of the European Foreign Affairs Council on 29 November to begin negotiation of a free trade agreement (FTA) with Japan, one EBC group has sounded a note of caution.

“The EBC Automobile Committee remains sceptical about the potential benefits of a free trade agreement between the EU and Japan,” explains committee chairman Anthony Millington, who is also director-general of the Tokyo Office of the European Automobile Manufacturers’ Association (ACEA).

The Automobile Committee, which represents Europe’s leading automakers, shares the interest of other EBC members in improving market access for European companies in Japan. But the committee’s members are concerned that any increase in European exports to Japan as a result of an FTA will not be sufficient to offset the negative impact on the European automobile industry of

### Automobile Key advocacy points

- Vehicles made, and type approved, in the EU should not require further testing or approval in Japan.
- Small cars from Europe should be able to compete equally with Japanese *kei*-cars, a class of cars unique to Japan that enjoy a range of fiscal and regulatory benefits.
- Before the consumption tax is raised in fiscal 2014, the automobile acquisition tax and tonnage tax should be abolished to prevent a serious contraction of the domestic market.

a surge in Japanese exports. At a time when unemployment in the EU has hit 26 million, the Automobile Committee argues that an unbalanced agreement would not be in the interests of either the auto industry or the EU.

“The fundamental problem,” says fellow committee member Sven Stein, executive vice-president of Volkswagen Group Japan, “is that, largely as a result

of demographic changes, Japan is no longer a growth market for automobiles.” An impact assessment carried out by the Mitsubishi Research Institute for the Japan Automobile Manufacturers’ Association concluded that, even with an FTA, the Japanese car market in 2020 would be 569,000 units lower than in 2010.

This has two consequences. First, European car importers will have to increase substantially their market share in a declining market just to maintain the current level of sales. This will not be easy, especially if the yen continues to weaken. Second, Japanese domestic manufacturers will have an added incentive to increase exports to maintain production and employment levels in Japan. A study carried out last year by Deloitte demonstrated that while EU car exports to Japan could go up by a mere 7,800 units by 2020 as a result of an FTA, Japanese exports to the EU could increase by 443,000 units. The consequent reduction in automobile production in the EU by the same amount would lead to between 35,000 and 73,000 job losses.

Faced with the prospect of an imbalance resulting from the FTA, the Automobile Committee has worked closely with the ACEA to try to ensure that any mandate granted to the European Commission (EC) to open negotiations takes into account the automobile industry's concerns. The industry insisted that the EU should only agree to start negotiations if Japan gave explicit commitments to eliminate the non-tariff measures which, according to studies carried out on behalf of the EC, act as the "equivalent to a tariff of 12.5%". Pontus Haggstrom, president and CEO of Fiat Chrysler Japan, stresses that "if there is going to be a level playing field, then it should be so in every respect, whether we speak about tariffs or non-tariff barriers".

As conditions for talks to begin, the automobile industry requested that "vehicles manufactured and type approved in the EU will be accepted in Japan without further testing and/or modification"; and that "European small cars will be given the opportunity to compete on equal terms with Japanese *kei*-cars. These small cars, unique to

Japan, enjoy fiscal and other benefits that, in effect, exclude imports from 35% of the domestic market".

The Automobile Committee was therefore disappointed that the scoping exercise, carried out by the EC and the Japanese government to prepare the ground for possible negotiations, did not include more explicit commitments to these conditions.

"It is unreasonable that imported sub-compact cars should be subject to disproportionately higher levels of taxation than domestically produced *kei*-cars, just because of the difference in classification," says Alan Harris, president of BMW Japan.

The industry does, however, find comfort in the words of EU trade commissioner Karel De Gucht that the mandate for the commission to start negotiations with Japan sets out "a strict and clear parallelism between the elimination of EU duties and non-tariff measures in Japan", and that there will be a safeguard clause to protect sensitive European sectors, including automobiles. This means that without the effective elimination of key automotive

“ THE EBC  
AUTOMOBILE COMMITTEE  
**REMAINS SCEPTICAL** ABOUT  
THE POTENTIAL BENEFITS  
OF A FREE TRADE  
AGREEMENT ”

Anthony Millington

non-tariff measures, there will be no justification for the EU to proceed with the reduction of tariffs.

"It is also encouraging," says Millington, "that the Commission has explicitly reserved the right to pull the plug on the negotiations after one year if Japan does not live up to its commitments on removing non-tariff measures.

"The Automobile Committee, together with the ACEA, calls on the EC, European Parliament and member states to follow progress in these trade talks over the coming months and to halt the negotiations if measurable progress is not made to achieve the objectives set out in the mandate."

# Shigetoshi Kawahara

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*Footloose*

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Text and Photo **DAVID C HULME**





“My destiny was to move around,” says Shigetoshi Kawahara with a gruff chuckle, recalling several changes during childhood as his father was posted to various places throughout Japan, selling for the nation’s number-three maker of tractors.

With high school out of the way, Kawahara was repulsed by the prospect of university and then lifetime employment.

“I knew some French and English, and I just wanted to see the world, and my father thought it would be a waste of time for me to go to university,” he says. Instead, he attended a hotel management school in Tokyo. At the end of the course, a teacher helped him to find a job in Zurich, Switzerland as a restaurant bar waiter. He left Japan in August of 1970 with a work permit, an employment contract and \$193 from his father. The job lasted six months, after which his most important assets would be the friends he had made, a sleeping bag and a small Olivetti typewriter.

Increasingly resourceful, he visited Japan Airlines offices, scoured their directories for the addresses of every hotel in one city after another, and sent hundreds of job applications and curriculum vitae on spec. It was an adventure.

“I relished the freedom, relative to being in Japan, but I paid the price,” he reflects.

Sometimes with a work permit, sometimes without, he shifted from Zurich to Amsterdam, to La Ciotat on the French Riviera (for 22 days), back to Amsterdam, and on to Copenhagen.

While there, with a steady job at a hotel reception desk, Kawahara studied Spanish, with a view to trying out South America. Basics in the language were acquired from a Danish university teacher using a Swedish textbook.

“That was a good way to do it. My Spanish is not accented because I learned it without any interference from English or Japanese,” he explains.

In June of 1974, he arrived at the other end of the Earth, as an employee of the Hotel InterContinental in Guayana Esequiba, a territory with a tortured

colonial history, administered by Guyana but claimed by Venezuela.

“This is not Europe!” he realised while riding to the hotel in a massive American-style taxi with bullet-riddled doors. It took a while to get used to some of the wild behaviour of the locals and strange nighttime jungle noises, but Kawahara had allies during his 10 months there.

“Two Japanese guys had a shop. They took care of me. Sometimes I would visit and cook for them. Or we went to the sole German restaurant in the town,” he recalls.

There were cultural adjustments. On a bus, the young Kawahara quickly realised that passengers would clap their hands sharply when they wished to alight.

“At my stop, I clapped, but the sound came out differently. Everyone on the bus looked at me as if I was a freak,” he says. More of that trademark gruff laughter.

The next job, at the Beirut Hilton in Lebanon, was a step up. Kawahara was selling to prospective Japanese guests working in the oil-rich Middle East as the hotel prepared for its opening.

“I thought I might even establish a career helping to open hotels,” he says. “There are people who do that: open a hotel, move on and open another one.”

He arrived in early April 1975, just days before the outbreak of the Lebanese civil war.

“I was told to have an airline ticket and passport in my pocket always,” he remembers of those turbulent times. “Each morning the secretary told me whether or not it was safe to go the 400 metres to the hotel.”

Evacuation came in October, and was followed by further “battles” chasing elusive jobs and work permits.

“I even applied for work selling snacks on the train. There were lots of ups and downs. I had to fight, but I survived even the hardest times,” he says happily.

Steady work did come, first in Copenhagen and then in Dubai, where Kawahara was assistant front office manager for two years. He then accepted a job as front office clerk at the

### **i Do you like natto?**

**Title:** Managing Director, Goldschmidt-Thermit Japan; Chairman, EBC Railways Committee

**Time outside Japan:** 25 years

**Career highlight:** My current positions and whatever comes next

**Career regret:** Many

**Favourite saying:** “When you ain’t got nothing, you got nothing to lose” - Bob Dylan

**Favourite book:** I read newspapers, not books

**Cannot live without:** Thinking

**Secret of success in business:** Learning from (many) mistakes

**Do you like natto?:** Yes, with leek, mustard and soy sauce


Hotel New Otani in Tokyo, staying for almost three years. Then, after 12 years of testing his chosen industry, something clicked.

“I realised that I really don’t like the hotel business,” he confesses. He joined a Swiss trading company, where his language skills and multinational experience were valuable. A career as sales representative, product manager and marketing manager was launched, taking Kawahara all over Asia, to the United States and back to Europe. And, of course, there were more adventures. He helped to wind up a telecommunications device company that fell to pieces around him. Though not an engineer, he also became familiar with increasingly complex technologies, including medical devices.

He has managed the Tokyo office of rail-welding specialist Goldschmidt-Thermit since the beginning of 2008, and serves as chair of the EBC Railways Committee.

There is stability now. Though he is not quite sure whether he really belongs in Japan or Europe, Kawahara has even become a cat owner.

“I am not an animal lover. Having cats means I stay in one place,” he says.

Self-effacing in word, confident in demeanour, Kawahara knows himself well enough. He is a fighter. He laughs a lot. 

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# May the best win

## *For HR recruitment firms, this isn't wishful thinking*

Text **DAVID UMEDA**

Companies based in Japan still need to recruit the best in order to compete globally. Now more than ever, specialists in the HR field – and across a wide range of thriving industry sectors – are responding to the call.

According to Robert Walters Japan, globalisation will continue to influence the qualifications candidates need in 2013. “The ability to work as part of a larger global team will remain highly sought after as more Japanese companies show a willingness to internationalise,” says Nathaniel Pemberton, associate director, Osaka.

There will be an emphasis on reducing costs through offshoring, he continues. “Employers will increasingly require candidates to possess – or have a willingness to learn – English,” says Pemberton, “in order to coordinate production facilities or business support teams based overseas.”

He expects the back office functions of companies to increasingly become streamlined or outsourced in order to reduce costs. “The need for candidates to possess strategic skills sets, like financial forecasting, will also grow in demand.”

### **Expectations**

On the candidate side of the hiring equation, there are important considerations to weigh in choosing a company.

“Candidates will need to consider their own personal motivators, such as the need to be engaged and challenged by what they do day to day,” explains Jonathan Sampson, regional director at Hays Specialist Recruitment Japan K.K., “and weigh them against what a company has to offer.”

While salary is also a consideration for candidates, it should not be the number-one driver in making a final decision, he adds. “A Japan survey by Hays found that 33% of people who had made a mid-career change in the last 12 months did so to achieve career advancement.”

Other reasons for such a mid-career change included a salary increase (29%); to specialise in a new field (22%); to improve work/life balance (22%); to increase their benefits (13%); and for a more challenging workload (11%).

“Global economic uncertainty has meant that more candidates are hesitant to switch companies unless a good fit presents itself,” says Robert Walters’ Pemberton. “While progression opportunities and salary considerations remain influential, other factors can considerably attract a potential employee.”

For example, candidates may prefer organisations with an active CSR policy or a remuneration structure based on performance that is often implemented

at many international companies.

“Also, more candidates are becoming open to contract opportunities as a way to expand their experience, while retaining career flexibility,” Pemberton continues. “With more Japanese companies internationalising, we find candidates are interested in being part of this exciting transformation.”

### **Human factor**

In this digital age, corporate online recruitment is a reality.

“In many cases, it is complementary and just one facet of the recruitment process,” says Sampson of Hays Specialist Recruitment. “HR recruitment firms offer a substantially more comprehensive access to the market with a particular advantage in reaching passive talent.”

There are notable advantages in a dedicated and specialist approach spanning industries, networks and all levels of resources across the globe. Hays, for example, constantly generates new opportunities for their candidate pool and new resources for their clients.

“Leveraging from this, we can find the best talent in the market, not just on the market,” emphasizes Sampson. “Our global specialist team then seeks the best outcome for our clients and candidates, dramatically increasing the chance of success for both.” 

## GLOBAL INSIDER

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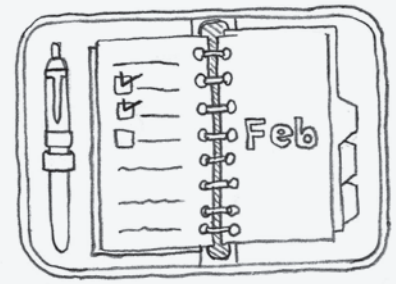
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**ROBERT WALTERS**

# Upcoming events



► **Belgian-Luxembourg Chamber of Commerce in Japan**  
[www.blccj.or.jp](http://www.blccj.or.jp)

**New Year Party: "soiree moules/frites"**

13 February, Wednesday, from 19:00

**Venue:** Restaurant Le Petit Tonneau, Toranomon  
**Fee:** ¥8,000 (members), ¥10,000 (non-members)  
**Contact:** [info@blccj.or.jp](mailto:info@blccj.or.jp)

**Monthly Belgian Beer Gathering**

18 February, 18 March, 22 April, Monday, from 19:00

**Venue:** a Belgian beer café in Tokyo  
**Fee:** Pay for what you drink  
**Contact:** [info@blccj.or.jp](mailto:info@blccj.or.jp)

► **British Chamber of Commerce in Japan**  
[www.bccjapan.com](http://www.bccjapan.com)

**Luncheon: Welcome Ambassador Hitchens**

21 February, Thursday, 12:00-14:00

**Speaker:** Tim Hitchens, CMG, LVO, British Ambassador to Japan  
**Venue:** Conrad Tokyo, Annex 2F  
**Fee:** ¥6,000 (members), ¥8,000 (non-members)  
**Contact:** [info@bccjapan.com](mailto:info@bccjapan.com)

► **Finnish Chamber of Commerce in Japan**  
[www.fcc.or.jp](http://www.fcc.or.jp)

**Visit to the Diet and Lunch**

22 February, Friday, 11:45-14:00

**Lunch:** with Marutei Tsurunen, Member of the House of Councillors  
**Venue:** Japanese Parliament  
**Fee:** ¥3,000  
**Contact:** [fccj@gol.com](mailto:fccj@gol.com)

► **Ireland Japan Chamber of Commerce**  
[www.ijcc.jp](http://www.ijcc.jp)

**Film Showing: "Saving 10,000 – Winning a War on Suicide in Japan"**

13 February, Wednesday, from 19:00

FEBRUARY						
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10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28		

**Q&A:** Rene Duignan, director of the documentary  
**Contact:** [secretariat@ijcc.jp](mailto:secretariat@ijcc.jp)

**Third Thursday Networking**

21 February, 21 March, 18 April, Thursday, 19:00-21:00

**Fee:** Buy your own drinks.  
**Contact:** [secretariat@ijcc.jp](mailto:secretariat@ijcc.jp)

Compiled by DAVID UMEDA



**Gliese Ristorante**

**Owner:** Giorgio Matera

**Tel:** 03-6447-1122  
 (reservations recommended)

[www.gliese-pf.com](http://www.gliese-pf.com)

**Ristorante Boutique Gliese**

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Paolo Colonello



# Emi Evans

*Singer, songwriter, cellist*

Born in Nottingham, UK, Emi Evans grew up singing in a church choir, playing cello and writing songs, and was only 16 when a Sony talent scout first recognised her prowess as a composer. In 2000, she came to Tokyo, primarily to learn Japanese, but quickly launched into a multifaceted music career.

"I love the variety," says Evans, "from singing my original songs as part of the freescape duo to performing with geisha at temples. What excites me most, though, is the studio, especially recording for video games. I can be really creative there. This is my dream job, so I only wish to touch more and more people in a positive way through songs and music."

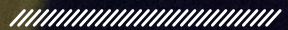


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From Feb 15<sup>th</sup>

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