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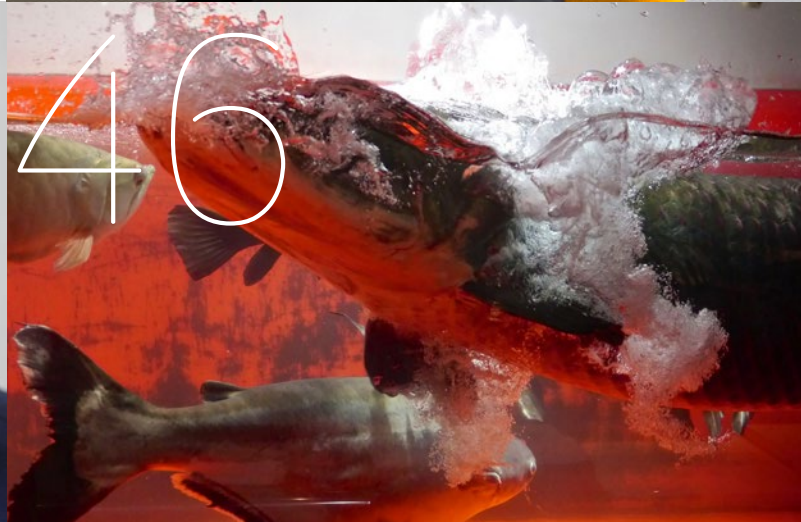
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EUROBiZ Japan welcomes story ideas from readers and proposals from writers and photographers. Letters to the editor may be edited for length and style.

Contributors



Geoff Botting quizzes the head of the EBC Financial Reporting Committee, page 8

Geoff, a former newspaper and wire service reporter and copy editor, has been living in Japan for the past quarter of a century. He

is now a freelance journalist and translator, writing mainly about business, the economy and travel.

"Japan is set to enter 2014 with four different accounting standards. It's not as strange or confused as it sounds. Japan's authorities and many accounting professionals see the situation as temporary, a stage during which current standards are to be converged to prepare for the emergence of one single global standard. Assuming, of course, that everything goes smoothly."

Alena underwent business training in Tokyo on the Executive Training Programme, then began to write about business, culture, travel and people in Japan. A researcher at heart and by profession, she enjoys on-the-ground investigation and observation. She contributes articles to magazines and websites in Japan and in Europe.

"Kyoto become a top choice for luxury travelers, beating many other attractive locations around the world. Japan's ancient capital also uses its cultural and historical gems well, offer excellent meeting and



Alena Eckelmann visits one of her favourite haunts, page 18

entertainment options to corporate and academic visitors. The Kyoto Convention Bureau is the linchpin for facilitation and coordination."



Gavin Blair talks to EU agriculture commissioner Dacian Cioloș, page 10

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.

"Hearing about even the surface of the political machinations that go on behind something as complex as a free trade agreement between two of the world's economic superpowers is inherently interesting. The incongruity of it happening alongside a mission to promote cheddar cheese, Welsh lamb and Italian olives, somehow just adds to the intrigue."

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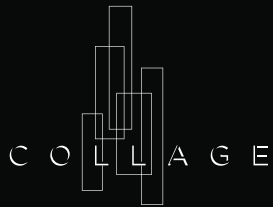
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Accounting is all about precision, consistency and uniformity. Over time, distinct systems have been developed in various jurisdictions throughout the world, and each worked well. Unfortunately, they do not always work well together. In our interconnected world, they now must do so. Geoff Botting (Line up the bean counters, page 8) introduces the new EBC Financial Reporting Committee, which has taken on the task of encouraging Japanese authorities to ease into a single set of high-quality financial reporting standards, as endorsed by the G20 forum.

It should be emphasised that this is not just another case of prodding a laggard Japan into the mainstream. The Asian financial crisis, the Enron and WorldCom scandals in the United States, and the creation of a common EU financial market have helped build support for global accounting standards — specifically, the International

Financial Reporting Standards (IFRS). The London-based IFRS Foundation, established in 2001, has developed IFRS through its standard-setting body, the International Accounting Standards Board (IASB). The Asia-Oceania office of the IFRS, by the way, is in Tokyo.

In a 2013 study charting progress, the foundation disclosed 66 jurisdiction profiles. Work continues on a further 50-plus profiles, including those of 13 EU member states that failed to respond the first time around. Fifty-five of the jurisdictions covered reported IFRS adoption for all, or most, public companies. Most of the others reported significant progress.

In a speech in Hong Kong last June, IASB chairman Hans Hoogervorst expressed his delight that “most IFRS adopters seem to be able to resist the temptation to tinker with our standards”. One of the reasons for this, he said, is that investors view local adjustments with justifiable suspicion.

It is investors, after all, who stand to get wiped out financially by scandals and financial crises that occur when standards are insufficiently rigorous and transparency fails.

The fact that US investors increasingly invest in the IFRS part of the world is at least part of the reason for the US Securities and Exchange Commission to have a strong interest in the progress of the IASB.

For Japan, Hoogervorst said, many of the largest multinationals already use IFRS. Contrary to what many think, he added, the dynamics of IFRS in Japan are quite strong.

To add to the momentum here, throw your support behind the EBC Financial Reporting Committee. [e](#)

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Line up the bean counters

Japan leans towards International Financial Reporting Standards

Text and photo **GEOFF BOTTING**

Japan's attempts to adopt a single set of accounting standards have taken a tortuous path over the past few years. Initiatives have been launched, only to stall, then resume, and then lose focus. As it stands, Japan's corporate world is about to enter 2014 with the prospect of having four different accounting standards.

The ultimate goal, as stated by the authorities, is to end up with a single set of global accounting standards called the International Financial Reporting Standards (IFRS). Over the past several years, Japan had been expected to make the IFRS mandatory following the convergence of the country's existing standards.

How long that will still take is anyone's guess. The Business Accounting Council (BAC) is an advisory body to the Financial Services Agency (FSA). The BAC issued a key report in June that neglected to cite a time frame or deadline. The report did, however, explain two big developments on the IFRS issue. One is a decision to reduce the regulatory criteria that allow Japanese companies to voluntarily adopt IFRS, from three requirements to just one. The other move was a recommendation that a Japanese version of the IFRS, called J-IFRS, be developed.

That new proposed set of standards would bring the total to four, joining the Japanese Accounting Standards (JGAAP), which all Japanese companies can use; the US Generally Accepted Accounting Principles US GAAP; and "pure IFRS", which qualified Japanese companies have been allowed to use on a voluntary

basis since 2010. The United States is also trying to move away from its US Generally Accepted Account Principles and towards the IFRS, although progress has bogged down.

The advantages of adopting a single globally recognised accounting language are not hard to figure out.

"Company activities have become global, and there are also investors who want to make investments on a global basis," explains Tatsumi Yamada, a former member of the International Accounting Standards Board (IASB). "If US GAAP is different from JGAAP, and JGAAP is different from the European accounting standards, then the investors have to adjust their net incomes by themselves, and that means the investor has an additional burden."

Japan's intention to adopt a single global set of accounting standards comes in tandem with a shift in the country's corporate and investment landscape. After many years of relying exclusively on domestic shareholders, more and more Japanese companies over the past decade or so have been trying to attract foreign investment. The JPX-Nikkei Index 400, Japan's newest stock index (4 January 2014), comprises the nation's best companies that meet the requirements of global investment standards. The index was formulated expressly to appeal to foreigners.

The idea of a J-IFRS has drawn mixed reactions among accounting professionals. Critics see it as a weak compromise and dub the idea "IFRS lite".

"It doesn't go far enough," says Aniello

D'Ascoli, CFO at Dassault Systèmes KK. "I'm not sure why Japan didn't take a more direct approach to the IFRS."

On the pro side are those who see the move to a J-IFRS as a pragmatic interim step. It allows time to adjust for those Japanese companies that are reluctant to fully embrace a new set of standards with foreign roots.

"I don't think they want to go full-blown and all at once," says Dirk Hermans, a director in the Global Services Group at Deloitte Touche Tohmatsu and chairman of the newly established EBC Financial Reporting Committee. "Now that there's only one substantive criterion that companies have to meet to voluntarily use the IFRS, I think Japanese constituents want to take a gradual approach, unlike in Europe in 2005 when all the listed companies had to accept IFRS."

Hermans says the gradual approach responds to concerns expressed by some Japanese constituents over several points within the IFRS. These are features that are seen to conflict with certain Japanese business practices and may carry compliance costs.

As the report of 19 June states: "It is necessary to keep in mind that the existing IFRS includes items that are hard to be accepted as basic concepts, items that do not fit with the reality of Japanese business management and business activities and cost too much to introduce, and items that are under development by IASB."

The issues of concern to Japanese businesses are the non-amortisation

“ONCE THE **LARGE COMPANIES** START DOING IT MORE, I THINK THE OTHERS WILL FOLLOW”

Dirk Hermans



of goodwill (the value of an intangible asset such as a company's reputation); fair value measurement of unlisted shares; and non-recycling from other comprehensive income to net income for some items.

The Asia-Oceania office of the IFRS Foundation in Tokyo is among those sympathetic to the BAC's stance, and it welcomes the J-IFRS – as long as it serves as an interim step and does not become a permanent fixture.

“I see this [June] announcement as progressive rather than regressive,” says a source related to the Asia-Oceania office of the IFRS Foundation in Tokyo, citing his personal view. “The perfect answer would have been the full adoption of ‘pure IFRS,’ but it takes time in advanced countries like Japan and the United States where they have their own highly sophisticated accounting systems. I, however, hope that this is seen in Japan as a step toward a full transition to IFRS.”

Over recent years Japan's move towards mandatory adoption of the IFRS has taken on a stop-and-go, wait-and-see pattern. In 2007, an agreement between the Accounting Standards Board of Japan and the IASB was signed, with Japan pledging to work harder on converging JGAAP with the IFRS.

A roadmap emerged from the FSA two years later, which cited 2015 or 2016 as the year of possible full implementation of the IFRS. In 2011, however, Shozaburo Jimi, then state minister in charge of financial and postal issues, indicated that the move would be deferred.

According to former IASB member Yamada, the minister's “very negative views” at the time prompted many Japanese companies that had been busy preparing for the IFRS to put their hard work on the backburner. Fortunately, momentum picked up again when the current Abe administration came to power at the end of last year.

“The general direction has changed, and now they're moving forward with the adoption of the IFRS,” Yamada says, adding that he believes the mood is improving among many of the Japanese companies that had earlier expressed anti-IFRS sentiment.

Whether accounting professionals welcome the J-IFRS or cringe at the thought of them, most don't seem to want them becoming permanent.

“They [J-IFRS] create a new reporting framework, closer to IFRS than to JGAAP as an interim measure toward the goal of a single set of high quality global accounting standards,” points out Hermans of the EBC committee. Yamada


predicts that the J-IFRS won't even see the light of day.

“The perception of many Japanese people – including the preparers, auditors and analysts – is that the J-IFRS will be created, but nobody will use them.” Yamada reasons that before companies migrate from JGAAP to either variety of the IFRS, they will need to make a formal announcement. “The management will want to say that they are moving to a ‘first class’ version of the IFRS. Why would they say they're moving to ‘second-class’ standards?”

D'Ascoli of Dassault Systèmes believes companies that opt for the J-IFRS would be asking for additional – and unnecessary – cost and labour burdens, assuming that the pure IFRS ends up as the single set of standards.

“They would have to do two sets of migrations, which can be really painful,” he says.

Given current developments, Hermans is optimistic.

“I see some momentum [towards use of IFRS]. Once the large companies start doing it more, I think the others will follow,” he says. 

To join the new Financial Reporting Committee, please contact the EBC at ebc@gol.com

Negotiating food

*Gavin Blair talks with **Dacian Cioloș**,
European commissioner for agriculture
and rural development*

Photo IRWIN WONG



European Commissioner for Agriculture and Rural Development Dacian Cioloş visited Tokyo in November leading a delegation of 31 companies representing the food and beverage industry across Europe. As well as promotional events and business meetings, the commissioner was here to conduct preliminary negotiations on some of the most sensitive aspects of the proposed free trade agreement between the EU and Japan.

What are the aims of your visit to Tokyo?

Cioloş: The mission has two main objectives. First, promotional activities with business people from the agri-food sector of several countries. The focus is on quality products, mainly geographical indicators and organic products. We are touring Japan and [South] Korea, beginning here in Japan. The second objective, which is just as important, is direct contact with the government and authorities in order to follow up on discussions on the free trade agreement that is under negotiation. This is my first contact with Japanese agriculture. Although the visit is concentrated in Tokyo, I will also have some meetings with Japanese farmers' associations and make a short visit to a farm close to Tokyo.

How were the representatives chosen for the delegation?

Cioloş: We organised a call for all those interested in coming, and then tried to have a balanced representation from all the areas of Europe. We also wanted to have a balance between those who were already familiar with the Japanese market and have a presence here, and new ones who want to penetrate the market and for whom this will be the first contact with business people here. We were also looking for a balance of products, such as wine and spirits,

which are already strong here, and vegetables, fruits and meats, but mostly processed products.

How long has the system of geographical indicators been in place in the EU?

Cioloş: The system of geographical indicators has existed since the beginning of the European Union in some member states. It began as a tradition in some member states

“WE ARE ALSO VERY INTERESTED IN HAVING BETTER ACCESS TO THE HIGHLY PROTECTED JAPANESE MARKET FOR AGRI-FOOD PRODUCTS”

Dacian Cioloş

with strong agri-food sectors, but has now become an overall instrument to promote quality products to European consumers. It's very interesting to see that after enlargement [of the EU] with the Eastern European countries, the number of geographical indicator registrations has increased a lot, mainly from these new member states. This means it is now a Europe-wide

instrument, and on this mission we have people from countries such as the UK who are very keen on using the geographical indicators to promote their products outside the EU.

Can you explain a little about the criteria for the geographical indicators?

Cioloş: The specific factors for the label are that the products come from a particular region or area, and have a strong tradition in their production. The difference between this and a trademark is that this is a collective mark. Once a geographical indicator is recognised and registered, all producers in the region that meet the criteria of production can use the mark. It is a collective mark representing the territory and protecting the tradition of production in this territory. There are two levels of protection. The Protected Designation of Origin, which is the stricter one, means that the ingredients and the processing are from, and done in, the same region. The Protected Geographical Indication means at least the processing part is a tradition of the region and is done in the region, even if some of the ingredients come from outside. Generally speaking, Protected Geographical Indication covers a larger area, whereas Protected Designation of Origin is in a very clearly limited area of production.

Have there been many disputes between different areas claiming traditions?

Cioloş: There have been discussions, but the procedures are very clear. When a group of producers proposes protection of a geographical tradition, they file this with the commission, and we have a period of six months to allow other producers to make what we call an opposition. During this period, we have conciliation and clarification, with the European Commission involved to clarify issues. Once it is registered, the products are protected in not only all the EU member states, but also countries with which the EU has agreements. In the mission this time, we also have organic products, which is a category that is developing strongly in Europe. We wanted to introduce this into the delegation because the Japanese consumer seems very sensitive regarding quality.

And what is the situation regarding EU organic products in Japan?

Cioloş: We have EU standards for organic products and are currently negotiating with other countries, including Japan, for an expansion of the mutual recognition of those standards. We already have such an agreement with the US. Even though we don't have an agreement with Japan on all standards yet, some companies that are able to certify organic products in Europe have representations in Japan and, based on the local regulations, are able to provide certification.

On the political side of the mission, what are you hoping to achieve?

Cioloş: I will be meeting Japan's vice-foreign minister, the minister of agriculture and the president of the agricultural committee in the Diet. I will also meet the president of the farmers' organisation for an exchange of views on how we can progress in the negotiations, taking into account that we know the agricultural sector is a very sensitive one for the Japanese. But, for the European side it is an offensive sector, since Japan has asked for more access to the European markets for cars. We are also very

interested in having better access to the highly protected Japanese market for agricultural products. We know and understand that the Japanese have some sensitive products. I want to clarify which products these are, and to underline that we are expecting a more open attitude from the Japanese negotiators on other, less sensitive, products. I also want to emphasise the differences with the US and the TPP negotiations, in that we are not in direct competition on most of the sensitive products, so it should be easier for the Japanese side.

In your opinion, what are the most important aspects of the recent reforms of the Common Agricultural Policy?

Cioloş: The most significant point is maintaining strong support for our farmers within the Common Agricultural Policy, in order to stimulate the competitiveness of our agriculture while taking into account both economic and ecological factors. [Which also means] To be competitive [not only] in terms of cost, but also in utilisation of soil, water and biodiversity, which are public resources. Since we use public money, we also want to stimulate farmers to take these factors into account. Our policies also need to take into account the growth of the EU and the greater diversity that brings. Another part of the policy is support for young farmers across Europe, and a modern agriculture based on research and innovation.

What can the EU and Japan learn from each other in terms of rural development?

Cioloş: In Japan, agriculture and food are very important, and society is very sensitive about it; and there is a strong sense of tradition. This is very similar to Europe. And on rural development, in both Japan and the EU, we have this linkage between agriculture, the practices, the land and the tradition. In rural areas we also need other activities apart from agriculture, and this is why we have this rural development policy. As for Japan, with such a high population density, we are very interested in how they manage this in rural areas. 

After the Summit

Herman Van Rompuy, president of the European Council, and José Manuel Barroso, president of the European Commission, met Shinzo Abe, prime minister of Japan, on 19 November in Tokyo for the 21st Summit between Japan and the EU.

In a joint statement, the leaders said discussions demonstrated that Japan and the EU are closely united by "shared fundamental values and principles such as democracy, human rights, gender equality and the rule of law, common security interests and deep economic interdependence".

Changes occurring worldwide, they said, require Japan and the EU to lift their relationship onto a higher, more strategic plane.

Toward this end, they said they were determined to realise the full potential of political and economic ties for mutual benefit, and underlined the importance of continued progress in the ongoing negotiations for a Strategic Partnership Agreement (SPA) on a comprehensive basis and an ambitious Economic Partnership Agreement (EPA)/Free Trade Agreement (FTA) since the start of the negotiations in April. They promised to present without delay ambitious market access offers on trade in goods, trade in services and procurement, and address the issues of non-tariff measures and railways.

The leaders also underscored the strategic importance of EU-Japan cooperation in science and technology, and welcomed progress in key areas of mutual interest such as critical raw materials, aeronautics, and information and communications technology. In addition, they stressed the growing challenges to maintain a safe, open and secure cyberspace, and the need to protect human rights online.

Among the regional security topics covered by the summit were ASEAN integration, democratic reform in Myanmar, North Korea's nuclear capability, and various factors related to stability in the Middle East and North Africa.

The leaders also stressed the importance of cooperation in the areas of standards and technical regulations, competition, law enforcement, and urban development policy.

Following the Summit, Van Rompuy lauded progress in FTA talks so far, but noted that there is no room for complacency ahead of a formal review of negotiations by the EU, scheduled for April of next year.

“THE BENEFITS WE BOTH SEEK WILL ONLY MATERIALISE IF THE AGREEMENT IS **SUFFICIENTLY AMBITIOUS** IN ALL AREAS”

José Manuel Barroso

Since the euro zone crisis, growth has been returning to the EU, the council president said, with anticipated expansion of 1% in 2014 and 1.5% in 2015. He also praised the Japanese government's economic policies under Abenomics.

“I welcomed the swift and robust measures the new government is taking to stimulate the economy and to foster growth after a long period of stagnation. The European Union and the international community in general will benefit from a healthy Japanese economy.

Barroso said the SPA and FTA, with negotiations launched last April, are a basis for intense cooperation for decades to come.

“Now it's time to enter into the real substance of the negotiations on all chapters of the future agreement,” said the commission president. “The benefits we both seek will only materialise if the agreement is sufficiently ambitious in all areas, whether it be trade in goods, services or public procurement.” - DCH

Trade commissioner's view

European Trade Commissioner Karel De Gucht, talking to EURObiZ Japan just hours before the 21st Summit between Japan and the EU in Tokyo, expressed confidence that the summit – and meetings leading up to it – would add significant momentum to ongoing free trade agreement (FTA) negotiations.

“I had very useful discussions with Japanese cabinet ministers. We were able to dig further into the details of negotiations,” De Gucht said, adding that he was able to clarify differences between Japan's Trans-Pacific Partnership (TPP) talks and the FTA negotiations with the EU.

TPP negotiations, he pointed out, are on a regional basis, involving 12 economies that are very diverse in terms of developmental stage. The EU-Japan talks, meanwhile, are between economies that the commissioner says are equally mature.

“Another point is that the TPP partners are not necessarily interested in the same things as we are with respect to Japan. For example, the TPP partners are interested in food commodities, and we are interested in processed food, which is quite different,” De Gucht said. “TPP talks will be a consolidating effort, whereas negotiations between the EU and Japan are about defining a new benchmark for trade relations. That means our talks should be much more

ambitious, by their very nature.”

On the question of whether sufficient political resolve exists on the Japanese side, De Gucht was clearly optimistic.

“Yes. The environment is now quite different for Japan, even compared to recent history, because they have decided to open up and are playing a role in two important negotiations [TPP and FTA]. It is a brand new political and trade environment for them, so there has to be an adjustment,” he said. “Politically, they have made the move to open up and engage in deeper trade relations with one another. Once you do that, you have to fulfill the expectations that you have raised. They have passed the point of no return, so the best thing is to make it work as soon as possible.

Nevertheless, he cautioned that the interim one-year progress review due in April should not be regarded lightly.

“We have to take the evaluation seriously, because the trade ministers of the EU members take it seriously,” he said. Furthermore, the benchmarks are the roadmap for non-tariff measures, and the roadmap for railways and urban transport.

Of particular interest is the Japanese railway industry's “operational safety clause”, he said, which currently acts as a protectionist measure, excluding most foreign railway equipment.

“There has already been progress, but the review clause has to be taken seriously. A number of [EU] member states will look very precisely at what happened and what did not,” De Gucht emphasised. “I have told my Japanese counterparts this [review clause] is not just for the gallery.”

The trade commissioner also welcomed the agreement to expedite exchanges of market access that are being offered on trade in goods, trade in services, and public procurement.

“Most of the non-tariff barriers are focused on goods, but a commensurate opening of services is a crucial element of the negotiations,” he said. - DCH



Karel De Gucht

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Vision 2020

What's in the Tokyo Olympics for Europe

When International Olympic Committee (IOC) president Jacques Rogge revealed in Buenos Aires that Tokyo would host the 2020 Olympics, it was instant joy for the whole Japanese nation and all of us here. It was also good news for the Japanese economy. This successful bid will add impetus to an already improved business atmosphere and enhance the country's image as a potential investment target. It fits perfectly with the Abenomics agenda and, no doubt, will have a positive impact on European businesses here.

IOC delegates voted for safety, experience, financial muscle, solid infrastructure and, as the Wall Street Journal put it, great people. Tokyo's plan was also compact and economical in comparison to Istanbul's or Madrid's offer. Big portions of the construction work, such as for the new Olympic Village in Ariake, will be privately financed. Other parts of the proposal, including much-needed refurbishment of the solid but ageing infrastructure, will be carried by taxpayers.

The Tokyo subway system is the most efficient in the world, smoothly moving millions of commuters every day. However, with significant numbers of visitors added to passenger volume, additional capacity will be needed, especially around the poorly serviced Tokyo Bay area. Airports need better connections, too, so we should get 24-hour service to Haneda and the overdue high-speed train to Narita.

There is already talk of making the second Tokyo Olympics grand and futuristic. The thinking goes that if the 1964 games brought us the shinkansen and the Shuto Expressway, so 2020 should

deliver something equally impressive for the new era. It might be something in the realm of IT, or bringing forward the Tokyo-Nagoya maglev train project to 2020 from the currently planned 2027. Regardless, the 2020 games will confirm that Japan has made it back to centre stage as a major economy; as a democratic, peaceful and safe society; and as a great place in which to live and do business. Olympics preparations are also supposed to help make Tokyo a truly global financial market and Asian business hub. This is also one of the targets of Abenomics.

Japan has changed much from the rapidly rising but insular society preceding 1964. Now, the average citizen, even in the most remote places, is well schooled and has access to masses of information about the world. There are probably many Japanese who know more about European countries and cultures than we Europeans know of each other, never mind about the United States, Australia and the rest of Asia. Oddly enough, however, a genuinely international outlook is lacking here, and is badly absent at the corporate management level. The Olympics, and the preparations, are an excellent opportunity for significant improvement.

Much of the preparation involves internationalisation. The third arrow of Abenomics will bring changes to Japanese government regulations and business practices, as well as an accelerated overhaul at all levels of the education system. All this means a cultural change right across the nation. Improvement in foreign language proficiency and training of service and support staff, numbering in the tens

“OLYMPIC PREPARATIONS ARE ALSO SUPPOSED TO HELP MAKE TOKYO A TRULY **GLOBAL FINANCIAL MARKET**”

of thousands, will also contribute to advancement. There is always room for more variety and new trends in dining and entertainment. European companies in these industry sectors will be in key positions to benefit. The British, with their long-established ties and the English language as a primary second language here, stand first in line; but I am sure there will be engagement with many other European countries and cultures. Companies in construction and ICT services will stand to benefit, too, when infrastructure preparations proceed for the Olympics. Expect to see a good number of newcomers entering the market as well, and joining our national chambers and the EBC.

Let us help Japan to keep building the momentum over the next seven years. To get the most of this opportunity will be to see Japan come back as a thoroughly international country and a marvelous place to do business. ☺

TIMO VARHAMA

is senior advisor to UPM Japan



Norwegian Industry Forum Maritime

The Arctic Hall, Royal Norwegian Embassy, 11 November, 2013

Text and photo **CHRISTOPHER THOMAS**

Things have changed drastically for the shipping industry over the past few years. A highly profitable business as recently as 2008, shipping is now under intense pressure from rising fuel costs and an oversupply of vessels. Meanwhile, the industry has come under fire for its impact on the environment. Huge modern ships burn a lot of fuel, and worldwide the industry pumps well over a billion metric tonnes of carbon into the atmosphere every year. Their ballast water has been implicated in the spread of any number of invasive species into harbours around the world, and local governments are cracking down.

But despite pressure from shareholders and regulators to resolve these issues, ship owners have been slow to respond, and for good reason. Big ships are very expensive, their working lives are long – 20 years or more – and owners are loath to incorporate technologies that have not been thoroughly proved.

A few small firms see an opportunity, and are rushing to respond to this gap in the market. Green Marine Capital is a shipping technology-focused venture capital firm. It is affiliated with the BW Group, one of the world's leading maritime groups in the tanker, gas and offshore segments; and with DNV, the global ship classification society. The firm's managing director, Sverre Prytz, addressed the 11 November Norwegian Industry Forum (NIF) Maritime series.

"Green Marine invests in technologies that deliver tangible savings [such as fuel efficiency] or enhance profitability in other ways. We focus on those with maritime applications of value to



Sverre Prytz

the shipping industry, and we target companies with proven, commercially viable technologies," he said.

The firm generally invests anywhere from \$2 million to \$20 million, and its access to BW Group vessels provides a readily available customer base and test bed for maritime applications, as well as engineering input. DNV helps with a seal of approval for the technology.

Green Marine Capital avoids overcrowded markets that show no clear winner, such as wind and solar power. These are excellent technologies, and they're already transforming the shipping industry, said Prytz, "but we're interested in markets in which we can take the lead." Such potential profit drivers include marine coatings, waste heat recovery, and ballast water treatment.

Green Marine has invested in a number of firms related to the sector. CleanHull is a Norwegian firm that provides cost-effective and environmentally friendly hull cleaning services for big ships. The soaring cost of bunker fuel has boosted demand for these services,

which greatly improve fuel efficiency. CleanHull's system is also much cheaper and safer for operators than conventional services.


OceanSaver, another Norwegian firm, makes novel ballast water treatment systems that can be used on large ships. It uses both filtering and electro-dialytic disinfecting to clean a ship's ballast water, automatically, with minimal oversight by the crew.

Biogill, an Australian company, sells a wastewater treatment system incorporating a unique bioreactor arrangement and membrane technology for high-efficiency, low-maintenance waste treatment.

Advanced Marine Coatings (AMC) produces hard marine coatings with exceptional abrasion-resistance and smoothness that keep ships cleaner, and thereby reduce drag and increase fuel efficiency. AMC incorporates nanotubes with conventional paint to arrive at an extremely hard, durable coating that is able to move with the natural flexing of the ship's hull as the vessel moves through the water.

Green Marine has invested in numerous other start-ups with promising technologies, including hull and propeller design, alternative fuels and lubricants, as well as in ship operations and fuel enhancement.

"Many of these technologies, though novel and promising, are not exactly revolutionary," Prytz said. "But with operating costs of a big ship running up to \$10,000 a day, shaving a couple of percent here and there can quickly add up to some serious savings for ship owners."

And they can easily mean the difference between a profitable voyage and a money-losing one. 

Nordic Green

The model for when Japan gets serious about renewables

Text and photo **CHRISTOPHER THOMAS**

The Nordic countries are serious about green. Renewable energy and other aspects of a sustainable society are getting major traction in the region. Biomass, solar, wind, hydrogen and geothermal energy technologies have all been deployed.

To promote Nordic environmental technologies in Japan, the respective embassies sponsored Nordic Green Japan 2013 on 24 October.

Renewable energy is an especially pertinent topic for Japan, as several speakers, including Diet member Taro Kono, pointed out to attendees at Iino Hall in Tokyo.

“Japan’s energy policy is centred on nuclear [power], but the disaster of March 2011 showed the flaws in the nuclear fuel cycle. It was believed to be accident-safe but is now not functioning, so [the policy] needs fundamental change,” said the lower house member of the ruling Liberal Democratic Party. That and Japan’s commitment to carbon-emission reduction make alternative energy sources a high priority.

Speakers at the forum addressed the theme from both Nordic and Japanese perspectives on a variety of topics – from infrastructure and policy to the challenges of building smarter, more efficient grids; to new technologies for generating, transmitting and storing energy; and sharing practical solutions to the challenges of using renewable resources.

Perhaps most important, in terms of the actual sustainability of these resources, were the discussions on their potential for making money. Ultimately, that will decide their success or failure.

Simply boosting the efficiency and security of the distribution system can have a huge positive effect on the viability of renewables. Peter Jorgensen from Energinet.dk, the Danish transmission systems operator for electricity and

“THE NORDIC EXPERIENCE IS **VERY INSTRUCTIVE**. THEY HAVE SPEARHEADED THIS FIELD”

Takuya Yamazaki

gas, outlined his organisation’s conversion to renewable energy, including spot markets and competition.

“We need the political will and courage to carry through the necessary legislation to promote this kind of solution,” Jorgensen said.

Takuya Yamazaki of the Ministry of Economy, Trade and Industry discussed the shortcomings of Japan’s power distribution system and ways of reforming it.

“The Nordic experience is very instructive,” Yamazaki said. “They have spearheaded this field, and we can learn from their experience.” In particular, he cited their region’s dynamic pricing system. On the other hand, it was Japan’s lack of such a system, and the closed nature of its electricity market, that led to rolling blackouts after the 3/11 disaster, he said. Yamazaki also noted that “unbundling” the market – thus opening each segment to competition – would help speed up the adoption of green energy resources.

Hiroshi Takahashi of the Fujitsu Research Center spoke about his investigation of power systems in the Nordic region and also how they mitigate some of the problems inherent in the use of renewables, including supply spikes when using wind and solar power.

Poul Madsen, CEO of the Denmark’s agriculture-oriented Green Center, gave an intriguing talk on the potential of algae energy. Not only a carbon-neutral,




Diet member Taro Kono gave the keynote address

scalable and sustainable energy source, blue biomass has already become a source of revenue for Danish farmers.

Another fascinating presentation was by Bjorn Simonsen of the Norwegian Hydrogen Forum. The gas is one of the most energy-dense fuels available. Efficiently produced using green energy, hydrogen could form the basis of a lucrative and clean energy system.

“Paired with other renewables like wind and solar, hydrogen could both alleviate supply shortages and provide a means of exporting power, without the need for long-distance power lines and other infrastructure,” Simonsen added.

Carl Sixtensson of DNV GL Energy gave a talk on exciting recent advances in wind technologies and the offshore wind market, while Go Sekiguchi of REC Japan discussed Norwegian photovoltaic technology. Bolli Thoroddsen of Takanawa Partners talked about utilising geothermal energy, including new technologies that should be of keen interest to geothermally rich nations like Iceland and Japan.

Clearly, the Nordic countries and Japan have a lot to offer each other. As Norwegian ambassador Arne Walther put it in his keynote speech: “Nordic countries have state-of-the-art energy technology to share, and our countries are strong proponents of sustainable development and technologies at home and abroad. And likeminded Japan can pride itself on focusing resources to develop such technologies.” 

Do you Kyoto?

Japan's culture capital projects to the world

Text **ALENA ECKELMANN**



German chancellor Angela Merkel is a powerful woman, but who would have thought her words could become a promotional slogan for Kyoto?

When Merkel visited the ancient capital in 2007 for the 10th anniversary celebration of the signing of the Kyoto Protocol [linked to the United Nations Framework Convention on Climate Change], she coined the catchphrase “Do you Kyoto?” in reference to environmental choices. Since then, the phrase has taken on a slightly different meaning here – Have you experienced Kyoto?

The Kyoto Convention Bureau (KCB) was established in 1990 as a one-stop-shop to service visitors to the city. The bureau's main divisions are international tourism (inbound) and MICE (meetings, incentives, conventions, and exhibitions).

The KCB is part of “TEAM Kyoto”, a network of stakeholders who cooperate closely to attract travellers to the city. Participants include Kyoto prefecture, the Kyoto Chamber of Commerce and Industry, and Kyoto city, as well as supporting members who pay an annual fee in return for preferential promotional support and client referrals from the KCB. Members include domestic travel agencies, destination management companies (DMCs), professional conference organisers, meeting facilities, transport companies, hotels and ryokan inns, advertisers, event supporters, interpreters and guides, and traditional arts-and-crafts facilities and temples.

“We all want Kyoto to be a better place for visitors, and we share the benefits, financial and otherwise, of more visitors coming to Kyoto,” states Rie Doi, KCB director in charge of tourism promotion.

In 2011, over half a million foreigners used lodging facilities in Kyoto, according to Kyoto city statistics. Some 44.1% were from Asia, 20.4% from Europe, 13.7% from North America and 6.2% from Oceania. Asian visitors were mainly from Taiwan, followed by China, South Korea and Hong Kong. Most European visitors were from the UK, France and Germany. The proportion of leisure to business travellers has not been recorded so far. Raw numbers, in any case, are just part of the story.

“We focus not only on the quantity of inbound travellers but also on quality,” says Doi. “To convey a top-class image to the world, we cooperate with high-quality media partners, like in-flight magazines, foreign TV stations and luxury travel magazines.”

In the 2013 *Condé Nast Traveler* Readers' Choice Awards, Kyoto ranks as the number one destination in Asia,

beating Hoi An in Vietnam and Ubud in Bali, second and third places, respectively. Singapore ranks fourth and Hong Kong seventh, followed by Tokyo in the eighth spot.

Regarding the World's Best Awards 2013, in the category of the Top Cities in Asia, *Travel + Leisure* magazine placed Kyoto as fifth, following Bangkok, Istanbul, Florence and Cape Town. Kyoto has done well, having moved up from ninth position last year.

City reps based in Taiwan, South Korea, China, France, the UK, Germany, the United States and Australia reflect the importance placed on the travellers' source countries.

"They are instrumental in promoting Kyoto, and they collect information about trends and the interests of visitors from these countries," says Doi.

Although the focus is on leisure travel, there are synergies for business travel. Attendance of the German representative at a final meeting held in Vienna was instrumental in Kyoto recently winning the bid on a large international conference.

Though there are not enough five-star hotels in the city to accommodate large numbers of luxury travellers, this will change soon. In February 2014 the Ritz-Carlton Kyoto will open, followed by the Four Seasons Hotel Kyoto in early 2015.

Beginning in 2013, TEAM Kyoto also has been working to improve the city's all-around reception and services with regards to Muslim travellers, including easy access to halal food.

"The tourism market in Asia is extremely competitive. To sell a holiday at an Asian beach resort, beautiful commercial photos usually do the trick. We need to work harder to appeal to visitors," states Doi.

For example, *kyo kaiseki ryori*, Kyoto's high-class cuisine, might look impressive, but foreign visitors want to know the story behind the beautiful presentation. For full enjoyment, they like an explanation of its history, the seasonal ingredients and the delicate methods of preparation.



While KCB continues to produce a great number of pamphlets and maps for foreign tourists, significant promotional activity is now online through the "Kyoto Official Travel Guide" website and the "Visit Kyoto" Facebook and Twitter accounts.

Social media efforts are paying off. "Visit Kyoto" counts almost 161,000 likes compared to just over 50,000 fans in the "Tokyo Fan Club" of the Tokyo Convention and Visitors Bureau.

Since 1966, Kyoto has been designated an International Convention City by the Japan Tourism Agency, part of the Ministry of Land, Infrastructure, Transport and Tourism. In fact, Kyoto

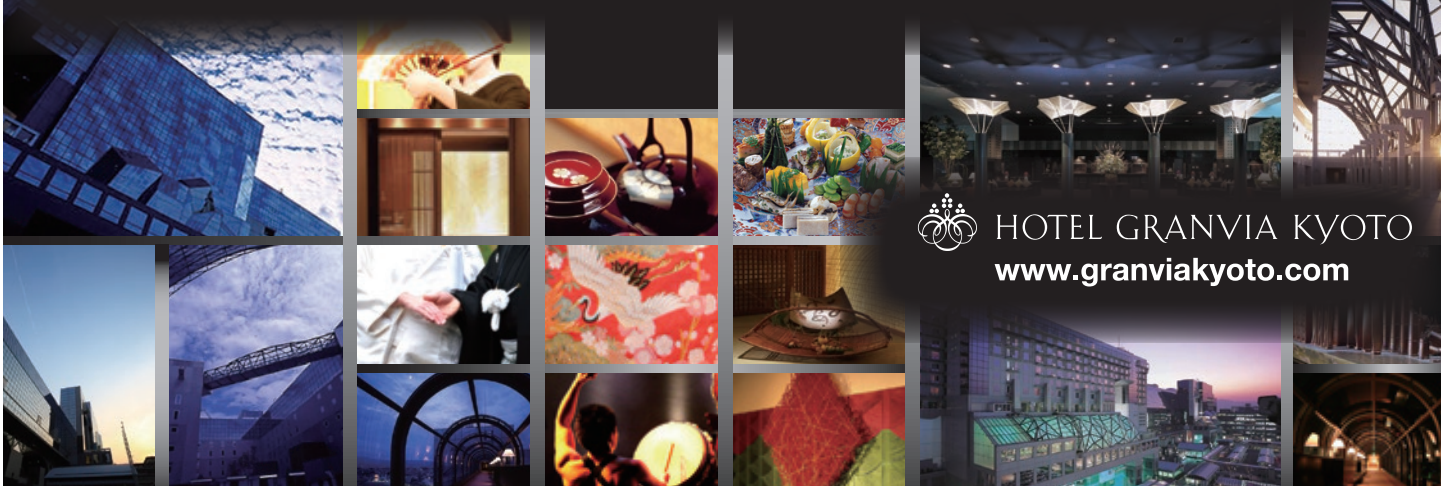
was the first city in Japan to acquire this status under the Japanese Convention Law, which outlines the required "hardware" and "software" – conference halls and accommodation facilities suitable for international meetings, promotion systems in place, and tourism resources in the vicinity – in its Article 5.

"We are fighting the idea that Kyoto is not a business city," says James Widgren, the KCB international marketing coordinator.

The 1966 opening of the Kyoto International Conference Center (ICCK), the nation's first state-sponsored ICCK, propelled Kyoto into the lead position



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“ WE FOCUS NOT ONLY ON THE QUANTITY OF **INBOUND TRAVELLERS** BUT ALSO ON QUALITY ”

Rie Doi



Shoren-in Temple gardens

as a convention city. Currently there are 70 rooms with a total of 156,000m² of meeting space at the centre. This space is large enough for conferences held by international organisations like the UN or the G8, and for conventions by academic organisations and scientific societies. The most famous event held there to date was the signing of the Kyoto Protocol in 1997. Since then, the city has had its fair share of conferences on environmental, climate and energy-related themes.

“Kyoto has excellent academic and scientific credentials, making it a natural choice for conventions. Kyoto University ranks at the top with Tokyo University. Half of Japan’s Nobel Prize winners have come from Kyoto University,” states Widgren.

Kyoto is in the life science cluster of the Kansai region and is a leader in medical technology and research; and a large number of related events and

exhibitions take place in Kyoto.

While the KCB’s tourism division makes arrangements at one-month’s notice, the MICE division schedules events three or more years ahead.

“We are fighting the impression of Japan being expensive. This was true in the 1980s, but now Kyoto compares favourably with Singapore and Hong Kong,” says Widgren. In the MICE business, domestically, Kyoto often cooperates with Tokyo to pool resources for the facilitation of multi-stage events.

“Our number one selling point is Kyoto’s 1,200-year history and culture, and its 17 UNESCO World Heritage Sites within 30 minutes of each other, a density that does not exist anywhere else in the world,” states Widgren.

If meeting planners or DMCs express interest, Widgren shows them around for free and explains what the KCB can do for them. For example, a reception and meal at a Kyoto temple overlooking

Quality media support

L’art des Jardins, a leading French gardening magazine, was invited to the Gardening World Cup 2013 in Japan. The editor wanted to pay Kyoto a quick visit and collect material for a story on its famous temples and gardens.

“We spent a full 10 days! The amount of material we were able to collect was huge and of such high quality that we decided to upgrade our project to a full publication about Kyoto gardens, to be released in 2014,” says Philippe Loison, the magazine’s publisher and editor-in-chief.

Thanks to the KCB’s connections to temples and its highly specialised guides and interpreters, Loison and his team were able to access their choice of gardens in the best conditions possible for reporting and photographing, as well as interviewing managers and priests.

a scenic garden has a big wow factor for any corporate event.

The KCB also excels in attracting incentive business. Typically, as a reward for performance, 50 to 100 employees from worldwide branches of large corporations come to Kyoto, where they stay at exclusive ryokan and eat kyo kaiseki ryori at an authentic *ryotei* restaurant with *maiko* or *geiko* in attendance.

There are also unique team building options, such as Zen meditations at a temple or dressing up as samurai or ninja and doing a skit at the Kyoto Eigamura open-air movie museum.

“This is impossible to arrange for clients without the intermediary assistance of the KCB,” Widgren points out. “We can offer all this now because we have been working for over 20 years to build up our contacts with temples and other operators, and we are carefully nurturing our relationships.”



Iceland

The Icelandic Embassy in Tokyo was newly established in 2002, along with the Icelandic Chamber of Commerce in Japan. In addition to clean energy, seafood and fisheries, and tourism, the member companies of the ISCCJ are involved in textiles, heavy machinery and international shipping.

Major cities: Reykjavik (capital), Akureyri, Egilsstadir, Isafjordur, Keflavik

Population: 315,281 (July 2013 est.) Urban population: 93% of total population (2010). 40.9% 25-54 years.

Area: 103,000km². Coastline: 4,970km.

Climate: Temperate. Moderated by North Atlantic Current. Mild, windy winters and damp, cool summers.

Natural resources: Fish, hydropower, geothermal power, diatomite.



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Rebranding Iceland

New image is tourism, fisheries, energy and entrepreneurship

www.isccj.or.jp

Text **DAVID C HULME**

On the road to recovery from global and regional financial upheaval, Iceland has pinned its hopes on tourism and emerging industries such as energy and software development.

“Industry clusters have been implemented for tourism, fisheries and geothermal energy,” says Halldor Elis Olafsson, the Embassy of Iceland’s affable and efficient trade representative, who ends up fielding queries directed towards the Icelandic Chamber of Commerce in Japan. “Iceland has seen an unprecedented involvement of companies in all of these clusters.”

The embassy works directly with the clusters, which help to organise business delegations and respond to queries. The arrangement streamlines contact between Japanese businesses and their Icelandic counterparts. “When working with a small country like Iceland, this is critical,” says Olafsson.

The embassy organises activities with specific counterparts at home, he adds, such as the official outbound and inbound investment offices of Promote Iceland and Invest in Iceland. Promote Iceland coordinates the overall global message with stakeholders in Iceland, such as airlines, hotels and tour operators. The embassy in Tokyo tailors the message to the Japanese market. A good example is the Northern Lights promotion for winter tourism. Japanese tourists tend to stay longer, and the marketing reflects that.

“We have also seen a great interest in Icelandic food products,” says Olafsson, as the nation matches Japan in terms of life expectancy. The embassy is involved in seeking openings in the market for fish, fish oils, supplements and related products in Japan. “The results have been very good.”

The embassy is also deeply involved in development of the Icelandic eiderdown market, he adds.

Olafsson notes that the drive to reposition Iceland’s economy involves national re-branding. There are at least some perceptions of the nation as frigid and bleak. The first humans to visit the



EMBASSY OF ICELAND

moon did part of their training in Iceland because of some visual similarity to that remote rock.

Olafsson introduces Arnar Thor Jensson, CEO of language-learning-system developer Coori, as the current flagbearer for Icelandic entrepreneurship in Japan and the face of a land rich in creative spirit. The Coori system is online and fully personalised, and uses sophisticated memory spacing technology to calculate the scheduling of prompts for vocabulary, pronunciation, sentence building, listening and reading.

The Coori pilot was released in May 2012 and has a patent pending on its core technology. The system is easily customisable for language schools, according to Jensson, and can bring into the 21st century lessons for an unlimited range of languages.

“We have had grants valued at several hundred thousand US dollars through the Icelandic Centre for Research and Innovation Center Iceland,” says Jensson. “The Icelandic embassy in Tokyo has been very helpful regarding using their facilities for meetings. The embassy also helped with registering the company here in Japan.”

If there is one thing Iceland has in common with Japan it is volcanic activity. The difference is that Iceland has done far more in developing geothermal energy.

Bolli Thoroddsen is CEO of energy consulting firm Takanawa Partners,

“Japanese official development banks play a key role in **financing geothermal power** plants outside Japan”

Bolli Thoroddsen

which is in the business of bringing Icelandic expertise to Japan as the nation seeks to compensate for the post-3/11 loss of nuclear power sources. Their development projects also extend to other parts of the world.

“Japanese official development banks play a key role in financing geothermal power plants outside Japan. So it is important for consultancy companies to establish relations with not only Japanese geothermal companies, but also Japanese governmental institutions,” says Thoroddsen. “With the assistance of the Icelandic embassy, Icelandic Energy Authority and the Icelandic government, our company has been able to create strong relations with all the key governmental institutions in both Iceland and Japan.”

Still, the obvious trump card for Iceland is tourism. Few places have such potential for “exotic destination” appeal among Japanese tourists. The embassy is keen to promote Iceland as a winter playground, with aurora borealis viewing thrown in.



Hanging your shingle

How to avoid those crushing office overheads

Text **JENNIFER ZYLINSKI-SPARGO**

The majority of new businesses crash out at the early hurdles. An entrepreneur can have a world-beating product or service, and yet not be able to afford an efficient secretary, secure a respectable business address, or set up efficient communications. Then again, the venture might simply be sunk by hefty office rents.

Two tricks to taming these obstacles are serviced offices and virtual offices.

A high-end serviced office is a fully furnished office with state-of-the-art IT infrastructure, meeting rooms and a professional support team.

“You can be operational immediately, leverage off the infrastructure already in place, and share costs with other tenants,” says Olga Vlietstra, Japan general manager for serviced and virtual office facilities provider Servcorp. A serviced office is especially valuable in Japan, with its stringent real estate practices requiring significant capital investment, long-term commitments and guarantees, she points out. “For a business

of one to 10 people, it will save about 60% in running costs compared with leasing your own office,” she says.

Then there is the virtual office, described by Vlietstra as “basically everything but the office”.

“This is ideal for those who need a great business presence, without the price tag of a physical office,” she says, adding that even when employees can work from home or are constantly on the road, a first-class address on the website and business cards is still critical for the company’s image.

With a virtual office, the business gets a local telephone number, calls are professionally answered by a bilingual receptionist, and mail can be forwarded.

“You can use a secretary to assist with business documents, presentations or translations,” says Vlietstra. “A shared office or business lounge, with Wi-Fi, is available when you need a professional workspace. It’s a lot better than those noisy coffee shops or hotel lobbies.”

The way businesses use workspace is evolving, with management discovering how costly it is to have workstations

unoccupied for big chunks of the working week. Even larger corporations are using serviced and virtual offices to reduce overheads.

Still, most numerous among Servcorp's virtual office users are small businesses in need of a professional image and start-ups that have to conserve cash.

"Second [most numerous] are branch offices of companies that want a presence in a particular place, or want their sales staff to have use of a business lounge," says Vlietstra. "Then there are companies that just need the phone to be answered professionally."

While the typical serviced office tenant for Servcorp is a smaller business or start-up, Fortune 500 companies are expanding in Japan and need such accommodation, or require space for a project – seeking to be operational instantly. It remains a significant advantage for any firm to be able to concentrate on core business and outsource day-to-day office administration.

It is not always merely an interim solution.

"A serviced office is indeed a permanent office solution for many businesses," says Vlietstra. "Our oldest clients have been with us for over 15 years. Generally, they are small in size and just want to have an office in a great building and use our team as theirs. It saves time and money. One monthly bill – that's it."

For virtual offices, on the other hand, the average Servcorp customer stays 18 months, though some have stayed 10 years or more. Only one month's notice is required to leave.

Interestingly, the profile of the serviced office client in Japan is changing, with many more Japanese corporations finally accepting the wisdom of such an option.

"We have a lot of IT companies and technology-focused businesses, who need our IT infrastructure," says Vlietstra.

The client profile for virtual offices has not changed as much.

"Economies still thrive on entrepreneurs. Virtual office clients are entrepreneurs and small businesses working from home or from another city," says Vlietstra. What has changed is the service offering. "We see increasing demand for even more flexible workspace solutions, and companies willing to share office space and collaborate more."

The Servcorp Japan general manager is emphatic that cost savings are by no means the chief consideration when potential clients ponder the value proposition of a virtual or serviced office.

"Value for money is crucial, and has nothing to do with saving costs. It is what a serviced office or a virtual office can do for the success of your business that counts," she says. "Each business has its own priorities and can choose among many different providers and service levels. However, at the end of the day, it is how your customers see your business and your product that will make the difference."



SERVcorp

“VALUE FOR MONEY IS CRUCIAL, AND HAS NOTHING TO DO WITH SAVING COSTS”

Olga Vlietstra

When Italian IC services provider Yogitech was searching for an office, it already had Japanese clients, but needed a reputable and convenient location from which to further expand the business.

"We are very impressed with the professionalism and quality of customer service that Servcorp provides," says Toshiaki Torigoe, the company's representative director for Japan. "And they don't just wait around for us to give instructions, but are always actively proposing ways to help make our lives easier."

Besides shouldering tedious administrative tasks, Torigoe adds, Servcorp coordinated a company event at a hotel, with over 100 clients and partners to celebrate the opening of the Japan office.

"Servcorp's serviced offices are not just an office solution, but part of an important business decision," he says.

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Alison Murray, EBC Executive Director. Tel: 03-3263-6222. E-mail: ebc@gol.com



Sometimes it's the little things that make a lasting impression.

"Starting our Japanese operations at Servcorp allowed us to stay lean in the early stage and focus on key business priorities instead of office management... and their espresso machine makes an awesome café latte!" says Hannes Graah, Japan director of music streaming service Spotify.

Jin Takahito Koh, vice-president of Splashtop Japan, describes Servcorp as the key platform for jump-starting the software developer's entry into the Japanese market.

"They enable us to go to market faster, so we can get to revenue sooner. They are not just a strategic partner; they are our competitive advantage," he says.

Jeffrey Brouse, managing director of Tokyo-based market research agency 3Waves Japan, praises the Servcorp team at Aoyama Palacio Tower as "bilingual, efficient, flexible, professional – and understanding client needs inside and out".

Having chosen a virtual office or serviced office does not mean a business is stuck with its initial choice.

"It is very common to start off with a virtual office and, when the need is there and the business improves, upgrade to a serviced office," says Vlietstra. It is just as common to "downgrade" to a virtual office when times are tough or when there is simply no further need for a physical office, she adds. "The great thing is that you can keep your telephone numbers and business address through any transition."

Beyond legal requirements – such as verifying a client's ID and residential address, and checking business registration details – Servcorp can do little to assure itself of a tenant's ultimate viability.

"More than 70% of new businesses do not survive three years. Our job is to help them succeed, but we carry the risk in case they don't," says Vlietstra.

With the Internet such a huge and growing part of efficient business operations, Servcorp's service offering has evolved constantly over the past 15 years.

A VoIP-supported communications network links 140 locations across the world. Clients also utilise the highest broadband in the industry. Servcorp's software solutions and apps cover everything online – from real-time meeting room bookings and IT helpdesk, to managing phone diversions and online schedule changes to update receptionists.

"No other provider offers ICT solutions developed in-house exclusively for small to medium-sized businesses who use serviced offices and virtual offices," says Vlietstra. The aim is to place clients in an ICT environment, including cloud storage and cloud printing, far in advance of what the typical start-up operation could build for itself.


With 22 locations across Japan, including Osaka, Fukuoka and Nagoya, Servcorp sees immense potential for further expansion. For Tokyo, a new location opened recently in the Marunouchi district, near the Imperial Palace gardens and Tokyo Station, and six months ago the Fukuoka operation was doubled in size.

"We are hunting for new locations in top buildings in various cities in Japan," says Vlietstra, noting that in some ways the Japan market remains immature. "Our biggest challenge here is to get people to understand what a virtual office actually is. We still have to do a lot of education."

There are big challenges for serviced office providers as well.

"When you compare Tokyo to, for example, London, you realise that Tokyo has less than 20% of the serviced office space on offer as that of London. The biggest challenge is with landlords who prefer renting their prized spaces to one tenant or only a few. They are wary of serviced offices that offer shared accommodation to many different corporations," says Vlietstra. "They should be more flexible, because serviced offices and virtual offices help the economy by providing a solid base for start-up businesses and entrepreneurs."

Servcorp gives a big tick to the advent of Abenomics.

"Foreign investment returned almost instantly, and this has affected the business positively," says Vlietstra. 

Boutique image

Savills Japan

Text **DAVID C HULME**

Photo **BENJAMIN PARKS**



savills

“ WE ARE PUNCHING WAY
ABOVE OUR WEIGHT WITHIN THE
SAVILLS GROUP ”

Savills Japan has grown, contracted and grown again since it was established in August 2004, on the way to becoming the kind of boutique services business that is the hallmark of the UK-based Savills Group.

Savills had no presence in Japan prior to acquiring the third-party property and asset management business of GMAC Commercial Mortgage Japan, part of the General Motors Group.

“We started the office with 14 people, all transfers from the GMAC commercial mortgage platform. The only business we had was property management,” says Christian (Chris) F Mancini, who has taken on increasing responsibilities over the past decade and is now CEO of Savills North East Asia, covering South Korea as well as Japan.

Mancini, who is fluent in Japanese, is well known in the real estate industry, having spent his entire professional life here in various roles related to architecture, construction, real estate investment and asset management. In 2004, he and his colleagues set to work expanding the range of services offered by Savills Japan. Tenant representation, investment advisory and valuation teams were established in mid-2005. The following year, office leasing and research/consultancy teams were set up.

“We had many of the attributes of a start-up company, with all the energy and enthusiasm, but with the backing of a massive public listed company. If we needed funding we could get it,” says Mancini.

He credits the Savills CEO of the Asia Pacific, Robert McKellar, for listening to the ideas of local managers regarding business opportunities and distinctive features of their markets, and allowing them considerable autonomy. McKellar also lets them make their own mistakes.

As Mancini explains it, one rather serious misstep was to invest heavily in establishing a residential sales team, solely on the premise that Savills has such

a business in other markets.

“It was a catastrophic failure,” he says. “The strategy was flawed. I railed against it as it was being put in place.”

Mancini was appointed CEO of Savills Japan in April 2007.

“One of the very first things I did was close down the residential sales office,” he says. A small, then recently opened Osaka branch was also closed. “After a couple of years of expansion, we contracted from a peak of 65 down to 40 [staff].”

Subsequently, the firm has concentrated on what it does well and what suits the local market, with outstanding results in terms of revenue.

“Despite the 2011 triple disaster, revenue doubled from 2010 to 2012 and will more than double again for fiscal 2013 [ending in April 2014],” says Mancini. “We are punching way above our weight within the Savills Group and, probably, in the broader market as well.”

The results reflect the quality of personnel in each of the teams, according to Mancini. “We have spared no expense to get the right people.”

When it comes to the ruthlessly competitive investment advisory business, he adds: “Three or four years ago, our competitors did not sweat if they saw us come through the door with a presentation. Now, they sweat.” Even so, Savills Japan is careful to maintain its image.

“What differentiates us is that we can say no to work. If you want to create a brand identity that appeals to a boutique sensibility, your actions had better reinforce that, or you will lose it fast,” says Mancini.

The Savills North East Asia CEO lauds Japan’s Financial Services Agency for creating a Financial Instruments and Exchange Act that dramatically improved the investment services industry here.

“The new law means you have to have compliance and control protocols that pass muster, that you unmistakably place client interests ahead of your own, and eliminate even the appearance of conflict of interest,” he says.

The improved law meant Savills

Japan had to go through the process of establishing a separate asset management subsidiary, which took about 18 months prior to its establishment two years ago. There are currently a dozen people on the staff of the subsidiary, and revenue fluctuates, Mancini says; but he anticipates an acceleration of business as Japan’s economy improves.

“For the first time in a long time, global funds suddenly have a rekindled interest in Japan,” he explains. “Japan is at a cyclical bottom, plus there is Abenomics, and the Tokyo property market looks relatively cheap.”

Savills Japan now is back up to a staff of 61. Meanwhile, the Savills group continues to build on its traditional strength in Asia, which came about through a twist of fortune back in 1997.

At that time, Mancini relates, a very successful Hong Kong-based property services company called First Pacific Davies, with a strong presence in China, had done significant preparatory work on a possible purchase of Savills. Savills, then, was a rather staid company that bought and sold agricultural land and specialised in services related to luxury apartment properties in London. Then the Asian financial crisis hit, with currency fluctuations exposing First Pacific Davies and triggering a reverse-takeover by Savills. The merger created FPD Savills. Mancini notes that Savills Japan was the first Asia Pacific office since then to go live as simply Savills, rather than FPD Savills.

Savills is not yet a household name in Japan, whereas it is a venerable brand in the UK and, Mancini says, “indisputably dominant” in Hong Kong.

He envisions an outstanding future for operations in Japan, and points to the recent commencement of the Europe/UK-oriented Cordea Savills funds management business in Tokyo. Asset management and fund management have huge growth potential, he believes.

“The investment advisory business has almost unlimited growth potential here,” he adds, pointing to a severe shortage of genuinely valuable advice and analysis.

Construction//

Labour shortages and the 2020 bonanza

Text **GEOFF BOTTING**

After several years in the doldrums, Japan's construction industry is growing again. Public and private investments in the industry peaked way back in fiscal 1992 at ¥84.0 trillion. The figure sank to a low of ¥41.9 trillion in 2011, but then grew to ¥44.9 trillion last year. The figure is forecast to continue rising over the next few years.

Positive impetus has come in the form of Abenomics, the aggressive economic policies of Shinzo Abe, who became prime minister in December 2012 and whose second of three "arrows" pledges to increase stimulus spending, including on public works. Then in September of this year came the official announcement by the IOC that Tokyo would host the Summer Olympics and Paralympics in 2020. "The greatest show on Earth" will require the building of world-class venues and facilities.

However, the expected surge in business may well encounter the bottleneck of a construction-worker shortage.

"We're starting to see signs of scarcity on some recent projects," says

Construction Key advocacy points

→ **Harmonisation of building material standards** – Japan and the EU should work on mutual recognition of their respective standards for building materials.

→ **Making construction more environment-friendly** – Stronger regulation is needed to improve energy efficiency in residential and commercial buildings.

→ **Transparency and accessibility of information and regulations** – The patchwork of local regulations, whose interpretation is often left to the discretion of local authorities, needs to be rationalised.

John Mader, a member of the EBC Construction Committee. The general contractors in Japan are known to be turning down some projects, and Mader and his colleagues suspect that a major reason is that they're conserving their labour for more profitable work

expected from the Olympics.

"A year ago, they would have [looked at some projects and] said, 'sure, we'll do it'. But now they're saying, 'Sorry, we're not interested,'" says Mader, also senior project manager for Lend Lease Japan.

The committee recognises that the prospect of labour shortages, particularly in the years leading up to the 2020 Games, could seriously weigh on the industry, and hopes the Japanese government will take proactive measures to remedy the situation.

"One solution could be having temporary workers from overseas," Construction Committee chairman Guido Tarchi says. "They would be capable of showing their experience in specific fields and their qualifications as carpenters, plumbers and so on."

The same message can be heard throughout the domestic industry.

In a 17 October article carried by SankeiBiz, which highlights the industry's increasing labour shortage and rising prices of materials, a manager at a medium-sized contractor in Tokyo is quoted as saying: "We want the government to seriously think about measures so that foreign workers can be given



visas and work on-site.”

While demographics are obviously a factor, with simply fewer working-age Japanese, a widespread belief among young Japanese that construction work is unattractive has been compounding the problem.

“Young people are stepping out of construction,” says Tarchi, also representative director of Permasteelisa Japan. “It seems they prefer to have jobs in convenience stores, which have nicer environments. Construction is hard; it’s tough. It’s not easy work.”

Having a temporary foreign worker programme isn’t really a radical step for Japan. Temporary work visas have been issued to Brazilians of Japanese descent as a way of dealing with labour shortages in the past. However, that programme received a lot of negative publicity after the government offered workers who had been laid off following the 2008 global economic crisis free one-way air tickets home – as long as they promised not to return to Japan.

A future programme should be based on professional abilities, not blood, says Tarchi, who recommends the establishment of a certification process that

could specify and verify foreign workers’ professional skills and years of experience.

“YOUNG PEOPLE ARE STEPPING OUT OF CONSTRUCTION”

Guido Tarchi

The committee plans to include this recommendation in the 2014 EBC white paper. Even so, neither Tarchi nor Mader expect to see such a programme in time for the construction boom that’s expected to last up to the Summer Olympics’ opening ceremony.

In other areas, the Construction Committee is continuing its call for harmonised standards for building materials. Mutual recognition by Japan and the EU of each other’s standards would avoid duplicate testing – which tends to raise costs and delay the introduction of innovative products to the Japanese market.

Another mainstay on the committee’s recommendation list is for more effort towards environmental-friendly construction. Insulation, including energy-efficient windows, is a case in point. While Japan has introduced regulations that require greater performance for new buildings, the committee believes that existing stock should not be overlooked. The committee would like to see an incentive scheme from the government aimed at supporting the renovation construction industry.

That argument has never seemed more compelling, given Japan’s ongoing tight energy crisis in the wake of the March 2011 triple disaster, resulting in the shut down of all the nation’s nuclear power plants due to malfunctions or regular checkups.

“Improvements to existing technologies are still possible in Japan,” says Tarchi, whose company is a provider of building façade systems. “Even though Japan has cutting-edge technologies in certain fields, like bridges, dams and other forms of heavy industry, it still lacks technologies for much simpler construction, like windows and insulation.” 

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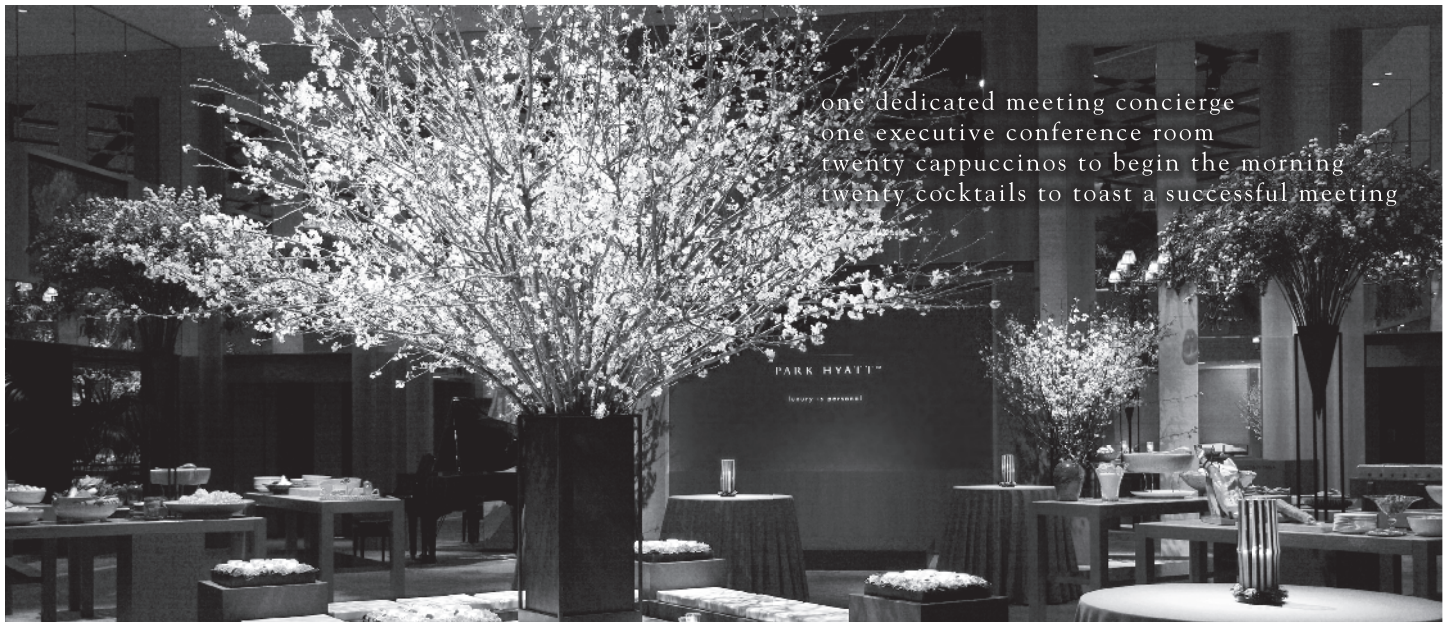
The globalisation of the Japanese economy requires companies to grow their business through improved proprietary products and greater personalised customer service that meet international standards. And that translates into having to travel more around the world to get

the job done and stay ahead of the competition.

That is why airlines and travel-related services have recently – and dramatically – upgraded the experience of travel for their discerning business executives. New interior designs, improved comfort features for flat bed and seats, greater privacy and space

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Air France celebrated its 80th Anniversary earlier in October this year, offering 35 direct flights a week from Japan to Paris (including code-share flights). From Tokyo, there is daytime service by Airbus A380 and night-time convenient schedule from Narita and Haneda. And, a day flight is operated daily from Kansai airport. Coming this spring, Air France will be operating its own aircraft on the Haneda-Paris route. Business class passengers can choose one out of four main dishes, including the chef's recommended menu by Thibaut Ruggeri, winner of the Bocuse d'Or 2013, accompanied by wines personally selected by one of the world's best sommeliers, Olivier Poussier. Seats can be transformed into a spacious lie-flat position, up to 2m in length that conforms to your body.

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Website	www.ba.com
Tel	03-3298-5238

British Airways has a long history in Japan, and 2013 marks the 65th anniversary of flying to Tokyo. The airline operates 12 weekly services between Tokyo and London Heathrow – a daily service from Narita and five weekly services from Haneda – and is the only European carrier flying direct from both Tokyo airports to London. A code-sharing agreement with JAL provides a total of 19 weekly flights between Tokyo and London Heathrow. Customers flying in Club World business class enjoy the comfort of a flat bed featuring a “z” position, supporting the knees and back in a seated recline, for even greater privacy and range of movement. The adjustable headrest and lumbar area are moulded to each person’s body shape. A revolutionary privacy screen, electronically controlled, is made of Lumisty (transparent from above yet opaque when looked at directly), and the storage space within each seat area is easily accessible. A Club Kitchen enables customers to help themselves to a wide range of snacks. The 10.4-inch flat screen and noise-cancelling headphones are complemented by an interactively controlled AVOD system, with over 100 movies and TV programmes on offer. Awarded the Best Business Class by Business Traveller in September 2013, British Airways’ Club World business class is a fusion of modern domestic and contemporary business styles.



Website	www.cathaypacific.com
Tel	03-6746-1000 Open: Mon to Sat 9:00-17:30 (JST) Closed: Sun & Holidays

Cathay Pacific’s network includes the highest frequency on the Japan-Hong Kong route, with more than 120 weekly flights connecting five cities/six airports in Japan; and flights to London, Paris, Frankfurt, Rome, Milan, Amsterdam and Moscow that start from ¥280,000 for a Business Class round-trip fare – all easily booked online. Passengers on long-haul flights can choose the new Business Class, recipient of Skytrax’s 2012 Best Business Class award, and the newly opened 2,567-square-metre lounge, “The Bridge”, in Cathay Pacific’s hub city of Hong Kong – consisting of the North (featuring The Bakery and iconic Long Bar) and South (including The Bistro and Coffee Loft, and nine Shower Suites) wings. Passengers entering the Business Class cabin immediately appreciate the sense of space and openness – and warm residential feel. A premium-car-style seat controller enables passengers to adjust at the touch of a button, all the way to a fully flat bed, one of the longest and widest. With 1-2-1 seat layout – single seating on window side and double seating in middle – all seats are adjacent to the aisle, making it possible to get in and out without disturbing your neighbour. The generous storage space around the seat promises a stress-free long flight.

KLM



Website	www.klm.co.jp mobile.klm.com
Tel	Tokyo: 03-5767-4149 Osaka: 06-6345-6691

KLM will be adding a 4th weekly flight between Fukuoka and Amsterdam from summer schedule 2014, the first airline to offer direct flights between Kyushu and Europe since April 2013. Fukuoka is the third destination of KLM in Japan, after Tokyo and Osaka. With this new route, KLM will offer a total of 22 weekly frequencies from Japan to Amsterdam.

KLM has introduced its new World Business Class seats, starting with the Boeing B747-400 on the Tokyo route. This brand new product, designed by Dutch top designer Hella Jongerius, focuses on passengers feeling at home on board in greater comfort and privacy with a new 207cm-long full-flat seat. In-flight meals are prepared by Michelin award-winning Dutch chefs and served on tableware designed by Marcel Wanders, a world-renowned Dutch designer. In the Economy Comfort zone, passengers can choose a seat with extra legroom for an additional fee. As well, "À la Carte" menus* are available for flights departing from Amsterdam, offering 5 delightful meals to order at KLM.co.jp before you depart. Take advantage of earning mileage through "Flying Blue" Mileage Program, and by joining our "Bluebiz" SME program on the same flight. *charged option



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6 hours	25,050	6,260
7 hours	29,150	7,290
8 hours	33,250	8,310

¥2,050 surcharge extension (per 30 min). Terms and conditions may apply. Additional ¥400 reservation fee required.



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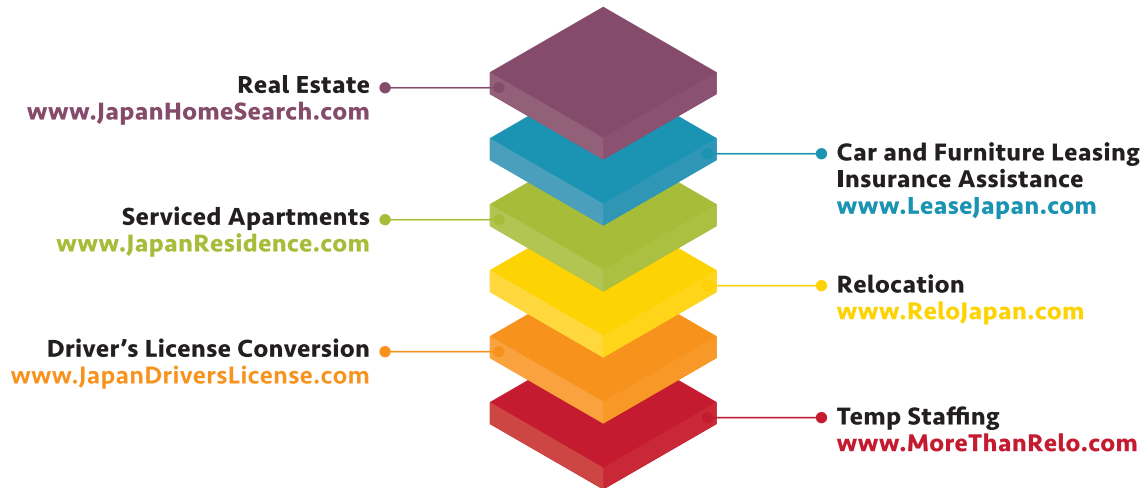
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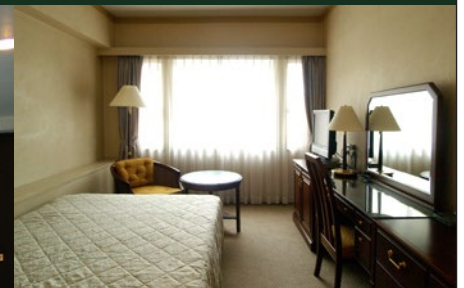


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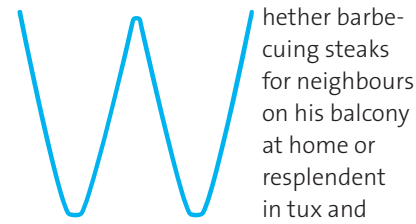
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A portrait of Steve Burson, a middle-aged man with short, dark hair, wearing glasses and a black tuxedo with a white shirt and a black bow tie. He is looking directly at the camera with a slight smile. The background is a plain, light gray.

Steve Burson

Happy camper

Text **DAVID C HULME**
Photo **ANDY BOONE**



ether barbecuing steaks for neighbours on his balcony at home or resplendent in tux and

bow tie for a gala ball at the Nagoya Hilton, Steve Burson is most comfortable when interacting socially.

"I was in Tokyo for a year, doing in-house translation. It was a good experience because I found out what I didn't like – just sitting behind a machine all day. I'm more of a people person," says Burson, president of H&R Group who is active in the EBC, the American Chamber of Commerce in Japan and several other organisations.

He developed an interest in Japan, and studied Japanese, during high school in New Zealand.

"My high school had sister school relations with three schools in Japan, so we hosted Japanese students," he recalls. A trip to Japan piqued his interest even further, and after completing high school he was able to do an exchange homestay in Nagoya.

"I just kept coming back. I am coming up to 20 years in Japan, almost half my life," he says.

Burson's first job in Japan was as international relations coordinator for the Japan Exchange and Teaching (JET) programme, in the planning division of Chita City Hall, on the Chita peninsula near Nagoya. Towards the end of that three-year stint, he met his wife, an elementary school teacher.

When he left the JET programme, however, Burson could not find work in Nagoya, and that is when he took up the translation job in Tokyo in 2000. That job did not appeal to him. The relocation industry did. He joined a small Yokohama company called Phoenix Transport.

"I worked for them for about two years and gained some experience in household goods, with the same clientele as we have now," he says. When an opportunity came up to join H&R, he jumped at it. Both he and his wife wanted to move back to Nagoya. "I joined H&R and started working my way up."

Living in semi-rural Chita (near the Chubu Airport) suits him well, he says,

as he grew up in a quiet suburb of Christchurch, surrounded by orchards and vegetable farms.

"I spent a lot of my youth working on farms, pulling vegetables, picking fruit and so on," he says. "We were always blessed with great apples, pears, apricots, nashi, plums and grapes."

Currently, Burson divides his time about evenly between Tokyo and Nagoya, as well as building up business in the Kansai area. The company is developing a niche in "remote relocations", settling individuals and families into places where H&R does not have offices, such as Hiroshima, Sendai, Sapporo and Okinawa.

"Internationally, we've made a name for ourselves as the company to go to for a relocation to Japan, and especially outside Tokyo," he says. "We have looked strategically at locations [beyond Tokyo] where people are increasingly going.

This includes Nagoya, where Burson is a board member and trustee of the Nagoya International School serving an international community significantly larger than it was when he first arrived.

What he likes about his current role, he says, is being able to help people, and there is more to be done, with business opportunities attached.

"I would like to be able to help more Japanese companies become international. At the moment, we primarily help larger non-Japanese companies to do business here," he says. As an example of services to Japanese companies, H&R has an agent in China who recruits Chinese candidates for despatch to Japanese employers, working a few years at the Japan home office before returning to the Japanese company's Chinese subsidiary.

"The Japanese companies don't have to take on employment contracts right away. After a year or so, when they feel comfortable, they can take over the employment relationship directly," he explains. "The aim is to support Japanese companies that are building up management in other countries."

The regular travel between cities makes it tough for Burson to maintain much of a fitness regime, though he does have a gym membership in Nagoya.

"I used to run quite a bit, but my running days may be over. Now I'm trying to

i Do you like natto?

Title: President, H&R Group

Time in Japan: "Nearly 20 years"

Career highlight: "Joining the relocation industry"

Career regret: "Not getting that big expat package!"

Favourite saying: "Just do it"

Favourite book: "Who moved my cheese?"

Cannot live without: "Cheese (goes well with beer and wine!)"

Lesson learned in Japan: "Don't call things stupid until you have found out why it is the way it is (and if you can't be bothered finding out, don't complain)"

Secret of success in business: "Perseverance (turning up consistently)"

Favourite place to dine out: "Yamachan (or any place that serves sushi / sashimi)"

Do you like natto?: "Yes"

do more swimming," he says.

What he particularly enjoys on weekends is barbecues, camping trips and outings in the park with his wife and their two girls, aged 10 and three.


"What's nice about Japan is that we always stay at camping grounds with onsen."

And at home, there's always the attraction of the balcony.

"I'm a Kiwi. We barbecue a lot. It's good to have friends over. I like to have my children making contact with a variety of friends with different backgrounds," he explains. He is grateful for the social skill he gained by being brought up in a family that met a lot of people. Sport also played a role.

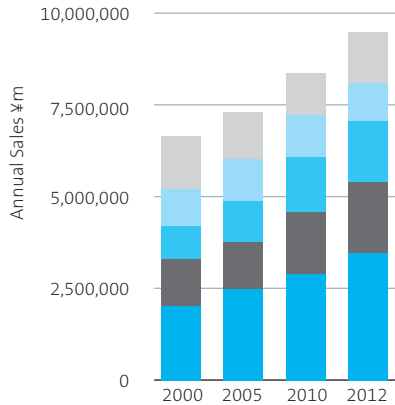
"I loved cricket," he says. "We played outside until we couldn't see the ball." Unable to even watch cricket these days, Burson follows rugby, especially the Super Rugby competition between Australian, South African and New Zealand teams, paying special attention to New Zealand's All Blacks.

With committee work in various organisations, prioritisation has become an issue.

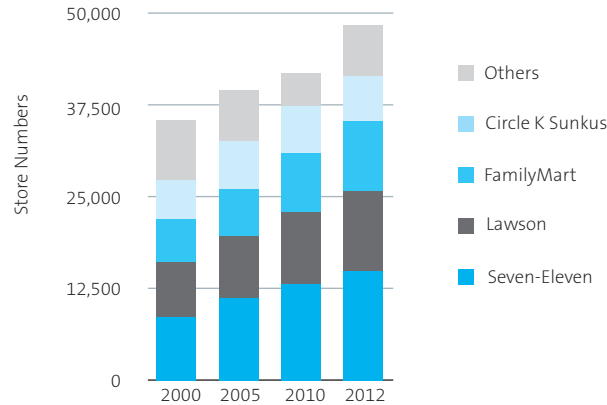
"Let's face it, I am involved in these organisations because they are related to my work. But I also want to give back to the community," he says. "We try to make giving back a part of our business as well, and we encourage our clients to do the same." 

Ubiquitous convenience

Total Sales, FY2000-12



Store Numbers, FY2000-12



The convenience store sector is the most successful in Japanese retailing. The leading chains, Seven-Eleven, Lawson and FamilyMart, are also some of the best retailers in the world and are responsible for a good portion of the innovations introduced into the Japanese retail industry over the past 40 years.

Seven-Eleven controls 31% of the 50,000 convenience stores now in operation around Japan, and an astonishing 37% of sales. What's more, its share of sales in the sector has grown by seven points since 2000, while Lawson has a 20% share and FamilyMart has expanded from just 14% in 2000 to 18% in 2012. Circle K Sunkus has lost ground, falling from 14.5% of the sector to just 10.6%. These four chains together account for 85% of market share. In the first five months of 2013, Seven-Eleven sold:

- 1.7 billion rice balls
- 300 million packs of instant noodles
- 570 million ice creams (in winter and spring!)
- 240 million magazines and books
- 460 million lunch boxes
- 460 million cans of beer

The sector is now at saturation point, however, so the same chains are turning to a range of new strategies to maintain growth.

One, a race to the finish. Huge numbers of new stores are being added by the top three. Two, a shift to private brands. All the larger chains are finally taking advantage of their buying power to shift sales away from supplier brands to their own brands. Three, moving offshore. All three major chains are looking to expand in Asia, with FamilyMart already operating more stores overseas than at home. Four, diversification. Decades of emulating Seven-Eleven finally gave way to new directions for Lawson and FamilyMart over the past 10 years.

Seven-Eleven, meanwhile, pursues steady-as-she-goes consolidation mixed with some very focused innovations.

Although now ubiquitous since the earthquake in 2011, convenience store chains have performed even better than before 3/11, grabbing share of the general food market from the less nimble, less consumer-friendly supermarkets. Now they even compete on price thanks to the new private label ranges. Only a few years ago, analysts were predicting a peak of 45,000 convenience stores in Japan. Despite a small dip in September, they could easily hit 55,000 outlets based on current store opening targets. Beyond that, though, few would bet on any further increase. ☺



ROY LARKE

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Something to write home about

Foreign businesses anticipate profit, plan growth

Text **JENNIFER ZYLINSKI-SPARGO**

The 24th Foreign Chambers in Japan (FCIJ) Business Confidence Survey, conducted from 16 to 25 October, reveals an outlook more positive than any since 2007.

“Even though, compared to the previous survey, respondents are slightly more cautious regarding the growth of the Japanese economy, the company performance figures, for both sales and profitability, and the forecasts for the next six months, indicate a growth level not seen since 2007,” says Clas Bystedt, author of the survey report and executive director of the Finnish Chamber of Commerce in Japan. “The Europeans are slightly less optimistic, probably because the euro seems still to be strengthening against the yen, while the dollar has been basically flat for the last three or four months.

The FCIJ is an informal group formed mainly for the purpose of exchanging information. Participants include a number of European chambers and business groups in Japan, their South African and Canadian equivalents, and the American Chamber of Commerce in Japan.

The FCIJ conducted the first Business Confidence survey in April 2002, based on a format developed by the Finnish chamber, and since has done it twice a year. The latest survey recorded 278 valid responses from members of 16 foreign chambers of commerce and business organisations.

“The strategies of foreign companies in Japan are very encouraging, with 79% [a six-year peak] seeking further growth, only 3% planning to downsize and none of the surveyed companies considering withdrawing from the market,” says Bystedt. “This should send a clear message to head offices in Europe: Japan still has a lot of potential for growth.”

Survey results show an expectation of continuing robust economic growth for the following six months. Although the index for growth outlook – on a scale from +2 (strong improvement) to -2 (strong decline) – stands at +0.89, slightly down from April’s +1.00, a large majority of respondents (84%) expect strong growth or some improvement. Only 3% anticipate any contraction. Looking 12 months ahead, respondents still see further growth, although at a lower level (+0.75) than forecast in the


“THIS SHOULD SEND A CLEAR MESSAGE TO HEAD OFFICES IN EUROPE: JAPAN STILL HAS A LOT OF POTENTIAL FOR GROWTH”

Clas Bystedt

previous survey (+1.06).

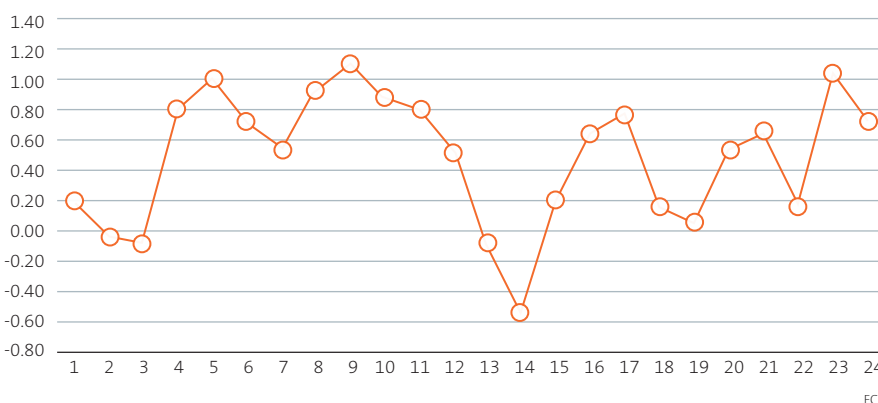
“The survey gives a fairly clear thumbs up to prevailing business conditions for foreign companies in Japan,” says EBC chairman Duco Delgorge, adding that he is most encouraged that the weakening yen seems not to have negatively impacted profits. “This suggests that companies have been able to put through price increases and/or that they are supplying Japanese exporters who have benefitted from the currency trends. The other big contributor is services, where European business is enjoying tremendous success and where there is still enormous potential.”

Whether the third arrow of Abenomics, a strategy for revitalising Japan’s growth potential, hits the mark or falls short, Delgorge says, Japan will continue to deliver the goods for excellent companies with a real commitment to this market.

“People in Europe should take note. This country remains a key market for anyone with global ambitions,” he says. 

Access full survey results at www.fcc.or.jp/fcij/bcs.html

Compared to previous surveys



FCIJ

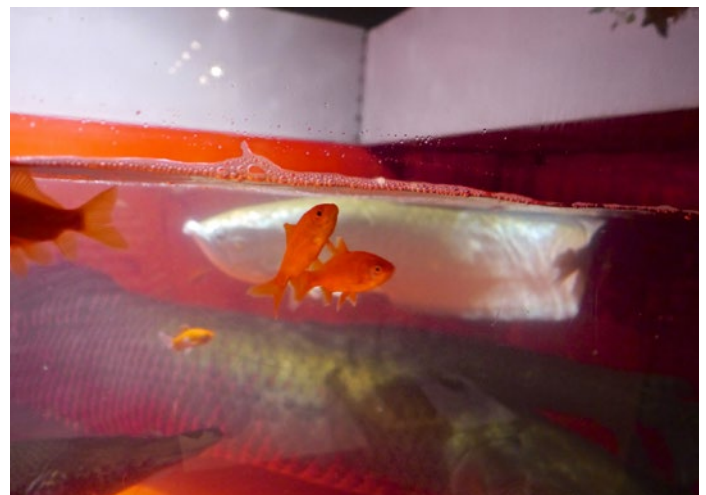
Arapaima

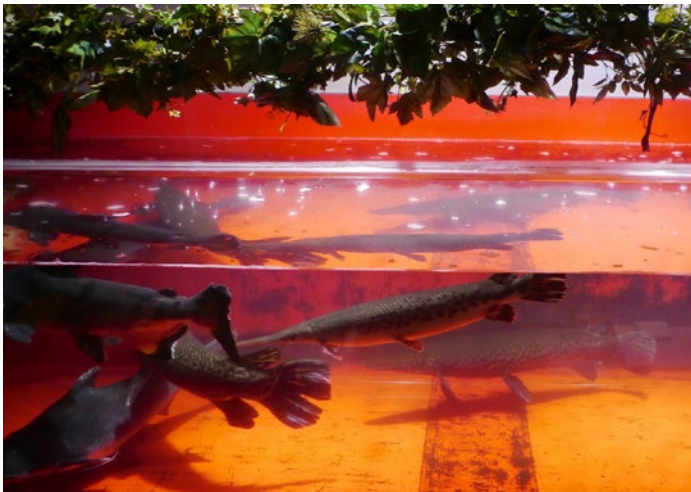
Photos and text **PADDY O'CONNOR**

The giant arapaima snaps open its broad mouth to ingest a huge volume of water, along with a morsel of food. The action is so violent that a percussive boom reverberates around the room. This Amazon native, with scales so tough that it can thrive in piranha-infested waters, is well over 2m long. It is the star attraction at Gran Ship, a bar in Nakameguro, Tokyo, owned by company president Hisataka Kumai.

Kumai added the arapaima to his collection of large fish about a decade ago, when it was just 10cm long, and installed a huge fish tank right across the back wall of his office.

“Unfortunately, it costs about ¥300,000 a month to feed all the fish and maintain the tank, and business went a bit soft,” he says. “So I bought another building for my company and opened this bar so the fish tank could be a tax deduction.”







JP Takala

Vice-President, Japan Region, Nokia Solutions and Networks

Nokia Solutions and Networks (NSN) is a leading provider of mobile infrastructure in Japan, serving all three main operators and enabling mobile communications for over 50 million Japanese people every day. "Japan is one of the most advanced countries in the world in terms of mobile technology adoption, such as LTE [4G]," says JP Takala. "The networks of tomorrow will have to deliver 1 GB of mobile data per user per day, compared with 1 GB per user per month today in Japan." To enable this exponential growth, NSN recently launched the industry's smallest full-fledged base station, Flexi Zone, which is the optimal solution for the densely populated urban areas in Japan.



Photo **BENJAMIN PARKS**





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