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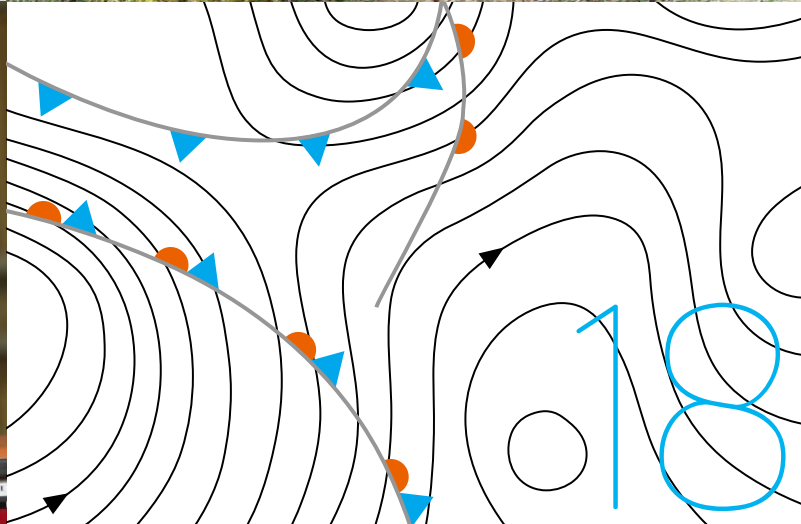
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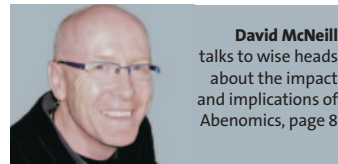
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EURObiz Japan welcomes story ideas from readers and proposals from writers and photographers. Letters to the editor may be edited for length and style.

Contributors



David McNeill talks to wise heads about the impact and implications of Abenomics, page 8

David McNeill has been in Tokyo since 2000 and writes for *The Independent*, *The Economist*, *The Irish Times* and other international publications. His co-authored

book, *Strong in the Rain: Surviving Japan's Earthquake, Tsunami and Fukushima Nuclear Disaster* telling the story of the 2011 calamity has been widely acclaimed.

Not since the Junichiro Koizumi years (2001-6) has there been so much hoopla and optimism about Japan's economy. But the hype around Abenomics comes mainly from journalists, stockholders and the Abe government itself. The rest of us, European businesses included, are still waiting to see if it will fizzle or really banish the malaise of the last two decades.

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.

"While perhaps not quite as surprising as selling snow to Eskimos or – as we say in the UK – carrying coals to Newcastle, it was still impressive to hear of an Italian firm supplying Japan with precision engineering equipment. For more than four decades, Marposs

Gavin Blair finds out how Marposs of Bologna has made its mark on Japan, page 24



has been selling gauges used during the manufacturing processes, to some of Japan's most demanding companies."



Geoff Botting provides yet another insightful In Committee column, page 26

Geoff Botting is a Canadian freelance journalist and translator who has been living in Japan for the past quarter of a century, writing mainly about business, the economy and travel.

"Writing the 'In Committee' columns every month has been one of the most educating experiences of my career. To prepare for each column, I need to research not just the issues affecting the given committee, but also the nature of the industry itself. As we all know, the industries covered by EBC committees run the gamut, from medical equipment, to liquor, to automobiles, to asset management. I can truly credit this experience for turning me into a smarter person.

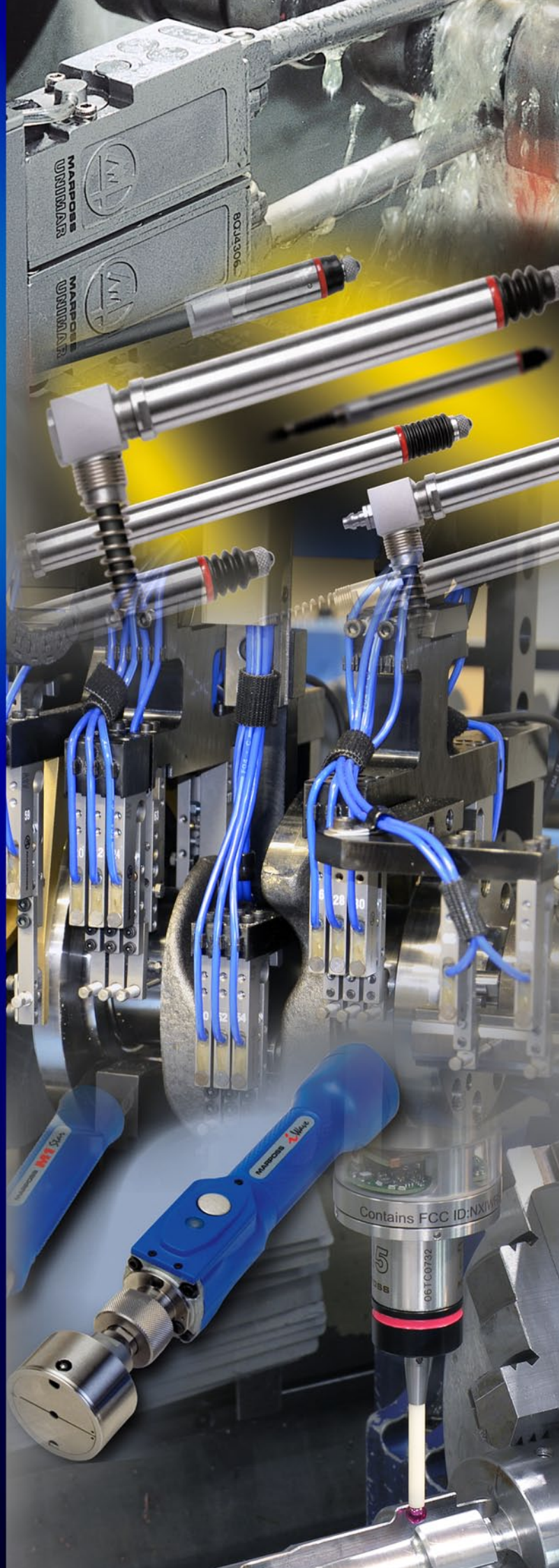


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Big questions

Sometimes we need to step back from politics, economics and other “very important” issues and make sure there is room in our lives for family, friends and self-nurturing. When we return to the big issues, it can be good to reflect on just how big they are.


In this issue, David McNeill (Too soon to party, page 8) looks at the range of opinion on Abenomics. The jury is still out, he finds. The jury is nervous, too. Japan has to get this one right. Structural reform is even more important than economic stimulus, but is hardly likely to happen without it. The government of Shinzo Abe is starting to make noises that sound like a shakeup is in the works, but we have heard such noises before.

Climate change, meanwhile, seems to have become a reality for the shipping industry. Christopher Thomas (Over the top, page 22), examines the feasibility

of regular shipments of liquid natural gas, particularly from Norway, through the thinning polar ice cap north of Russia. This is a big question for Japan, which could significantly reduce the cost of its imported fuel. It is a major issue for environmentalists as well, not least because oil tankers could eventually ply the same route and a major oil spill could seriously harm the Arctic ecosystem, with drastic effects on the global marine food chain. You get the picture.

Regular contributor Alena Eckelmann (Weather biz, page 18) tackles the big question of weather prediction and the market for related information. Scepticism about the reliability of forecasts is deeply rooted in Japan as elsewhere, as the science is by no means exact. Accuracy is improving, however, as vast and increasing amounts of data feed increasingly sophisticated forecast

models. Businesses do pay for the information, after all. Tied to weather prediction is the very large issue of how we understand climate change, interpreting similar and overlapping data sets. In order to mitigate harmful change or adjust for it, we residents of the planet Earth need to know what is really happening.

A good place to start reading this issue is at Culture Shock (page 28). Jun Yamazaki has prepared diligently for a career in de-mining, hoping to lessen the nightmarish risk to life and limb experienced by people forced to live in areas littered with the explosive detritus of war. Whenever it's about saving lives, it's a big question. 



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Too soon to party

European bosses in Japan say the jury is still out on Abenomics

Text **DAVID MCNEILL**

One way to take the pulse of Japan's economy is to survey sales of pricey European cars in the capital. Natume Aoyama, a landmark auto showroom in Tokyo's upscale Aoyama district, sells imported Bentley, Ferrari and Porsche models to well-heeled customers for up to \$400,000. In an average year, the company will shift 300 units.

"This year we expect to sell 400-450," beams manager Kenichi Oguma, crediting a warm tailwind from the reflationary economic creed adopted by Prime Minister Shinzo Abe. Call it trickle-down Abenomics.

Japan's stock market has fattened

by over 50% since November (when it became clear that Abe's Liberal Democratic Party [LDP] would return to power), helping to create a sharp rise in personal wealth. The value of financial assets held by Japanese households jumped more than 3% year-on-year in the last quarter of fiscal 2012, partly thanks to the government's verbal bludgeoning of the yen. That, in turn, has triggered higher share prices and market values for foreign currency-dominated assets. "Japan is back," crowed Abe in February. The prime minister has clearly improved the fortunes of shareholders, as well as some makers of luxury European cars. But what about other EU businesses in Japan? Analysts and company bosses alike are cheering the

prime minister on for finally grappling with the sick economy.

"There is a feeling that the government is serious now and the professionals are back, and that they've learned a lesson and will work hard," says Matthew Connolly, managing director of Eire Systems, an IT support firm with 100 full-time staff in Tokyo.

On the specifics of Abe's policies, however, views are decidedly mixed. For one thing, the lack of a clear energy policy means higher post-Fukushima electricity costs are still eating into margins. Some European companies are also reportedly reeling from the impact of the cheaper yen, which has lost about a quarter of its value against most currencies since November. That makes

“THERE IS A FEELING THAT THE
GOVERNMENT IS SERIOUS NOW AND THE
 PROFESSIONALS ARE BACK”

Matthew Connolly

foreign goods more expensive and will hit the pockets of successful companies like French cookware-maker Le Creuset. Christian Thoma, the company's Japan president, says the currency fluctuations have been absorbed, though he declines to give details.

The true impact of the weaker yen on imports won't be apparent until later this year. One reason some foreign firms are already coping better than others is price elasticity, according to Bernard Delmas, senior vice-president of the Michelin Group.

“Companies with strong brand power have been able to pass price increases on to their customers without impacting their sales volumes,” he says. For Japanese firms selling abroad, the cheaper yen is a bonus. But for foreign firms in the local market – especially those making goods that require imported materials paid for in dollars – the “impact is nil or negative” Delmas adds.

European managers widely credit Abe with jolting Japan out of its comfort zone and boosting business confidence. The prime minister has fired two of what he calls “three policy arrows” – fiscal stimulus and monetary easing – into the heart of the stagnating economy. A Bank of Japan scheme announced in April to expand the country's money supply by a staggering ¥60-¥70 trillion (\$645-\$755 billion) a year caught most economists by surprise, and came on top of an eye-popping ¥10 trillion fiscal stimulus package.

The Abe government's rejection of the global consensus in support of austerity policies is praised by Ian de Stains, former head of the British Chamber of Commerce in Japan (1987-2009). “I am

actually quite optimistic about Japan's economic future,” he says.

Duco Delgorge, chairman of the European Business Council in Japan, calls the fiscal juicing “misguided” and predicts it will only add to the nation's “already unsustainable” public debt – at over twice GDP, the worst among developed economies.

“What Japan needs more than anything else is serious restructuring and an opening up of its markets to greater competition,” Delgorge says. He is waiting for the third of Abe's promised policy arrows – a national growth strategy, with reforms and deregulation. Without it, Abenomics looks a bit like old LDP wine in new bottles.

The \$5 trillion question then is, “Can Abe challenge a protected system that his own party helped create and sustain for decades?” The last prime minister to try was his mentor, Junichiro Koizumi, prime minister from 2001 to 2006, and he made little headway.

“Knowing from experience how difficult it is for Japan to be reformed, I have strong doubts that the LDP and Mr Abe can succeed where they have themselves failed in the past,” laments Francesco Formiconi, president of the Italian Chamber of Commerce in Japan.

The EBC's Delgorge says that if Abe wants to prove his reformist credentials, he should put his shoulder behind an EU-Japan free trade agreement (FTA), potentially one of the world's largest, as a deal represents “arguably one of the surest and most significant ways that Japan can strengthen its economy in a sustainable way”. With the ongoing FTA negotiations, at least there is cause for optimism. Abe has already said he will allow European companies to bid

for contracts in Japan's long-protected domestic railways industry, for example.


The prime minister has certainly flown the flag for trade reform since he took office in December, holding bilateral trade liberalisation talks with Canada, Mongolia, China and South Korea, and separately bringing Japan into the Trans-Pacific Partnership (TPP) talks. The TPP payoff looks impressive; Japan's cabinet secretariat said recently that the pact could boost GDP by ¥3.2 trillion.

But Abe faces a bumpy ride. Farmers, a key LDP voting bloc, are digging in for a fight against the TPP, along with a reported 200 LDP lawmakers.

A successful showdown with the farming lobby and some signs of progress with the EU-Japan FTA negotiations would show that Abenomics is here to stay, say European business analysts. In the meantime, the government must avoid roiling the waters too much before the July Upper House elections. Few see the LDP losing, but victory may bring another set of problems. For example, an emboldened Abe could decide to exercise his much-vaunted patriotism.

“What worries me is the tendency I see for Japan to become more nationalistic,” says de Stains. “Abe has already set some worrying markers.”

The verdict on the six-month-old government, then, is yet to be delivered and will certainly have to wait until after the July election.

“The jury is still out on Abenomics at this point,” says Danny Risberg, CEO of Philips Electronics Japan, speaking for many. “Some of the initiatives have started, but we will need some true structural reform for the efforts to be sustainable.” 

Free trade for all

*David C Hulme talks with **Prof. Yorizumi Watanabe** of Keio University's Department of International Political Economy.*

Prof. Yorizumi Watanabe has a long and deep involvement with international negotiations on trade and economic partnerships, both as an academic at Keio University and as a government official. He has served with the GATT [General Agreement on Tariffs and Trade] Secretariat in Geneva, represented Japan as chief negotiator in bilateral and multilateral negotiations, and served as special assistant to Japan's minister for foreign affairs. Free trade talks, he says, are aimed at preventing, rather than encouraging, the formation of trading blocs.

The 11 countries already involved in Trans-Pacific Partnership (TPP) negotiations are Australia, Brunei, Canada, Chile, Malaysia, Mexico, New Zealand, Peru, Singapore, the United States and Vietnam. They approved Japan's participation in talks on 20 April.

What are Japan's main aims in Trans-Pacific Partnership negotiations?

Japan has been conducting a large number of free trade agreements [FTAs] and economic partnership agreements [EPAs] since 2001, and now there are 13 agreements in force. We have tended to negotiate those EPAs with small economies, with the priority on ASEAN [Association of Southeast Asian Nations] countries. Japan's FTA policy has been aimed at consolidating business-driven integration in East Asia and to establish the regional supply chain network. These first-generation EPAs are more or less done with, though we will keep improving on them.

Now we have the challenge of second-generation FTAs or EPAs with larger trading partners such as the United States, China and the EU.

We are starting negotiations with the US though the TPP, and EU-Japan FTA talks are beginning. Also recently launched are the trilateral FTA talks between Japan, China and South Korea.

The TPP is to accelerate further trade liberalisation, enhance inward and outward foreign direct investment – taking advantage of the existing production network. For example,

Japanese investment into auto-parts companies in Mexico is really being expanded. Mexico is a real platform for Japanese automakers and parts makers to do business in North America, as well as South American countries.

What can Japan achieve at the next round of TPP talks in July?

I was told recently that in the TPP, the real market access negotiation has not begun yet. How interesting! They have been negotiating for three years. The difficult part, which always comes toward the end, starts soon. Japan has just come in at the final stage. Japan is interested in scrapping all tariffs on its exports, so Japan must prepare to offer sufficient tariff reductions and eliminations, as well as get rid of non-tariff barriers.

The rule-making area matters very much to Japan. Together with the US and EU, Japan was very active in the Doha Round [started November 2001] to establish rules on trade and investment, trade and competition policies, and transparency in government procurement. Those negotiations failed. The TPP is now taking up all those abandoned issues. The negotiations will give Japan an opportunity to strengthen



“THE SEPARATE REGIONS ARE DOING THEIR JOBS, BUT NOW WE HAVE TO **BUILD THE CORRIDORS** BETWEEN THEM”

government procurement rules. It is possible that Japan will play a very important role.

What will be the difficult negotiating issues for Japan?

Certainly agriculture tariff elimination. There are about 450 tariff lines to talk about, so it will not be easy. If Japan keeps a wider spectrum for exceptions in agriculture, the less it can benefit from TPP negotiations.

Already, the US has indicated that elimination of tariffs on cars imported into the US will only take place at the end of the tariff phase-out process.

There is a kind of negative linkage. That means Japan should open its agriculture market as much as possible. That is the only way to get the concessions on industrial products.

Is there a serious impediment to that?

The agriculture lobby is very strong and well organised. There is also the problem that the benefits of free trade are scattered thinly across the entire economy. If GDP increases by 0.65%, what does it mean to the man in the street? On the other hand, a few people, such as those in agriculture, feel directly threatened. The government has to take steps to reassure those people that their livelihoods will not be adversely affected.

How long will it take for negotiators to reach agreement?

The target date for an agreement of substance is October this year. Let's keep our fingers crossed. This is the year that US President Barack Obama can exercise trade initiatives with a free hand. Next year the US has interim elections, and two years from now he will be a lame duck president.

How far developed is the existing draft treaty?

It depends on which area you talk about. In the investment chapter, probably more than half of the outcomes of negotiations have already been written. Of course, there are a lot of brackets, so now it is a matter of lifting those brackets one by one to create the compromise document.

In other areas, there are more issues to be negotiated. It is a huge document, over 1,000 pages long.

What are the new issues that the US brought into the negotiations?

The horizontals. They are a US invention. Horizontals are themes that cross all negotiation groups. FTAs often benefit large companies. It is more difficult for small and medium-sized enterprises [SMEs] to benefit or see the benefit. This

is a legitimate concern on the part of the US. For example, a problem for SMEs in trade and services issues could also be dealt with in the context of government procurement.

Japan can fully support that, because it is also a problem. I would say that less than 30% of Japanese SMEs are aware of the benefits to be had from FTAs. It is important because they account for 90% of the nation's employment.

Why are so many different negotiations taking place now?

It is very important that talks are developing now across the Pacific and across the Atlantic. So far, the Americas have the North American Free Trade Agreement, the Central American Free Trade Agreement and so on, so there is a very considerable degree of economic integration. East Asia has also made some progress toward integration.

The problem is that if each side is inward-looking and forms a mutually exclusive economic autarky, then it becomes similar to what happened in the 1930s.

The separate regions are doing their jobs, but now we have to build the corridors between them. This is not about making economic blocs with beggar-thy-neighbour policies. The purpose is to open up the potential economic blocs on either side.


How does the Japanese government plan to reinforce agriculture?

The first thing is to encourage farmers to combine their lands. The average farm size is 1.9 hectares. The Ministry of Agriculture, Forestry and Fisheries wants the average to be 20 or 30 hectares. Some people will leave agriculture, which is inevitable anyway, since the average age of farmers is over 66. It is very important to rationalise or modernise Japanese agriculture.

What about financial services?

Japan is quite open, thanks largely to the Uruguay Round [1986-1994] service negotiations. Japan has already committed to 132 of the 155 sectors.

Still, there are problems with JA-Zenchu [Central Union of Agricultural Co-operatives], and Japan Post is a problem. They take advantage of government involvement and create distortion even within the Japanese market. Japan should use external pressure to implement change and create a level playing field in these areas.

With relation to the overall trade and economic picture, we need Europe in order to build a better Japan. And we want our European partners to know that we are at their disposal in order to build a better Europe. 



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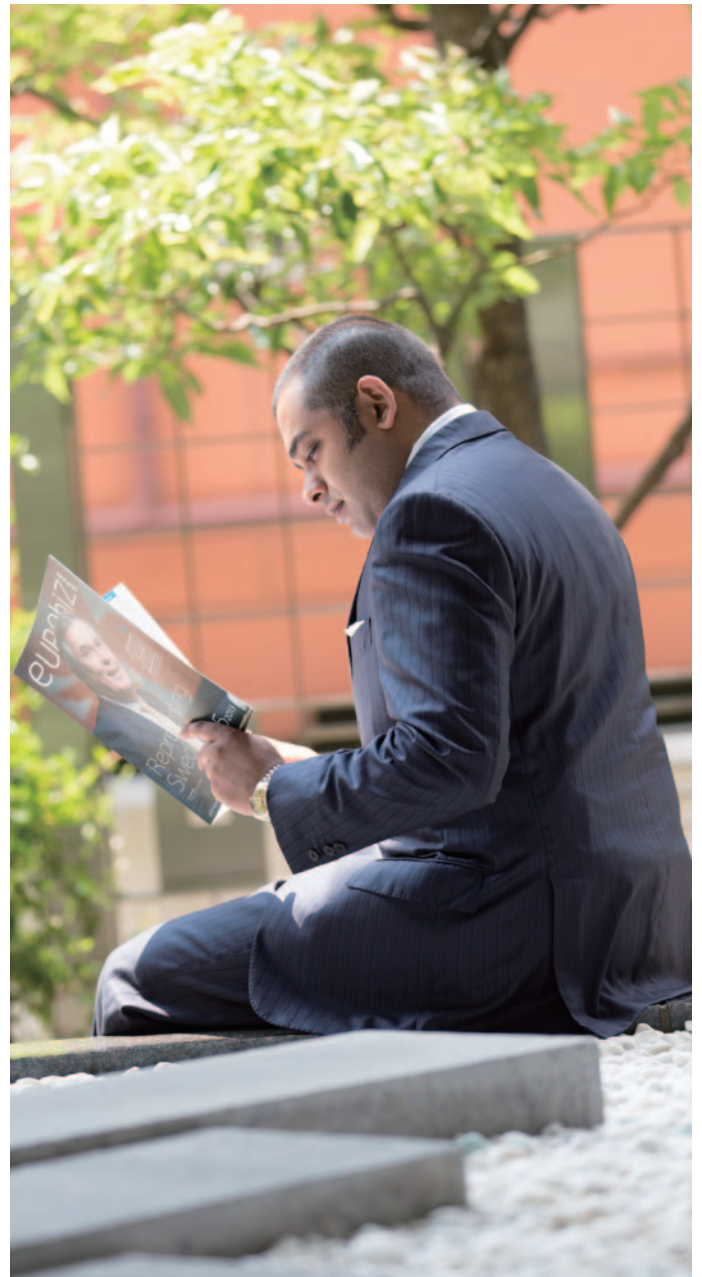
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reads

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A modest proposal

Empowering rural economies

Golden Week holidays included a trip by car from Kyoto through the mountains to Lake Biwa in Shiga prefecture. The countryside there is stunning and the view over Biwa as one emerges from a mountain pass is quite beautiful. Apart, that is, from the abandoned coffee shops, defunct hotels and assorted derelict structures littering the environment. Landscapes change and businesses come and go. New roads divert traffic from established tourist routes, sounding the death knell for some commercial ventures, while creating new opportunities for others. All well and good; but I was always taught to clean up after myself, and the mess left by business owners not only offends the eye, but also sits at odds with the attention to tidiness practiced by the rest of the population. Something, I suggest, needs to be done, and I have a modest proposal that may kill a number of birds with one stone.

Fully on message with Abenomics and the rationale for fiscal stimulus, I humbly submit that the government should establish some form of quasi-autonomous non-governmental organisation, stuff it full of freshly minted cash and arm it with the legal powers to serve compulsory purchase orders on abandoned properties. Operating, of course, under an appropriately bureaucratic-sounding title, this quango would then utilise its mandate to remove the aforementioned blights and replace them with landscaped gardens and lay-bys for rest and recreation, or even small-scale commercial operations, leased to locals for peppercorn rates, selling fresh local agricultural products, or arts and crafts. Such a body would also create plenty of opportunities for *amakudari* posts – always handy for parking or rewarding retired bureaucrats.

I am only half-joking.

The first of Abe's three policy arrows, fiscal stimulus, was set flying in January with the announcement of a ¥10.3 trillion (\$116 billion) package designed to create 600,000 jobs and add 2% to GDP. To justify this addition to the national debt, the government has been at pains to point out that this spending will be productive spending. In doing so, they somewhat self-incriminatingly allude to the very many public works projects of dubious economic value characterising the "construction state" that the LDP fostered and presided over previously. This time, they say, it will be different.

It had better be, and devolving decision-making authority to the regional and local level may be one way to achieve this. Regional economies are generally in a poor state as recorded in the Bank of Japan's quarterly Regional Economic Report – adjectives such as "sluggish", "flat" and "weak" feature strongly. Economic (the hollowing out of manufacturing) and demographic (ageing and shrinking populations) trends have pushed rural economies in particular into a difficult place. With any drastic reform to agricultural policies absent from the emerging structural reform agenda, rural communities such as those found between Kyoto and Lake Biwa will need to find alternative strategies that are less reliant on agricultural subsidies or traditional public works spending. Tourism should certainly be part of this, which takes us back to the quango imagined above.

In addition to restoring the natural environment, and making my automotive excursions to the countryside all the more pleasant, empowering local communities to develop tourism-related industries would have a tremendous multiplier effect on regional and rural economies. Global research suggests

“EMPOWERING LOCAL COMMUNITIES TO DEVELOP **TOURISM-RELATED INDUSTRIES** WOULD HAVE A TREMENDOUS MULTIPLIER EFFECT”

that every \$1 of government spending, when interest rates are at zero, generates a return of \$3 in terms of growth. Cleaning up the natural environment would, I suggest, create a virtuous circle of investment and consumer spending exceeding the 1:3 ratio. Money invested in sprucing up the countryside as described above would create jobs and opportunities for more sustainable development. Think landscape architecture, renovations to traditional buildings, craft breweries, organic cafés and mountain bike trails.

The current trade deficit and the rising cost of energy imports remind us that Japan is often described as a country lacking natural resources. Yet, as any foreigner who has had the pleasure of experiencing the Japanese countryside will tell you, this perception overlooks the most fundamental natural resource of the land itself. Developing tourism-related industries in rural communities would allow Japan to capitalise on such a precious gift. Well worth the money! ☺

ANDREW STAPLES
Director of the Economist
Corporate Network, Japan



Netherlands

The relationship between Japan and the Netherlands has been going strong for over four centuries, and the Netherlands Chamber of Commerce in Japan has been supporting Dutch companies doing business in Japan and promoting trade between the two countries since 1978.



Major cities: Amsterdam (capital), Rotterdam, The Hague (seat of government).

Population: 16,805,037 (July 2013 est.). 25-54 years: 40.8% (2013 est.). Urban population: 83% (2010). Literacy: 99%.

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Hans van der Tang

President, Netherlands Chamber of Commerce in Japan

www.nccj.jp

Text and photo **DAVID C HULME**

As a long-time resident of Japan, the Netherlands Chamber of Commerce in Japan (NCCJ) president, Hans van der Tang, sees steady evolution in the characteristics of member companies.

“Our primary objective is to expand professional and personal networks that facilitate the pursuit of business activities in Japan and the promotion of trade between the Netherlands and Japan. Twenty years ago the members were branches or subsidiaries of Dutch companies. There was no Internet then, and a smaller chamber like the NCCJ did not have a high profile in the international community,” he says.

These days, the membership is much more diverse. For a start, there are Dutch companies in Japan that are managed by people who do not have Dutch nationality. Other member companies are founded in Japan but owned by individuals of Dutch or other nationality.

“All this gives us a more multinational flavour, and so we communicate in our board meetings and on our website in English only,” says van der Tang, president of consulting firm Japan Advisory.

For the coverage of our events and articles on our website a native English speaking writer is commissioned to make the NCCJ’s message clear and consistent. “We feel that it is important that all our communications can be understood by all our members.”

Over the past couple of years, the chamber has put in a great deal of energy as lead organiser for Giving Back to Japan, a joint chamber event aimed at relieving suffering in disaster-struck areas of Tohoku.

“The first one [in April 2011] was mostly about the question of what to do,” says van der Tang. “Last year, we invited the mayors of six cities in the disaster zone to tell the foreign community what had happened since the tsunami, about the relief already received, and what needs to be done next.”

One severely damaged town in northeast Tohoku is Yamada-machi, Iwate prefecture, where early Dutch

traders operated on an island in the bay that became known as Oranda-jima. Soon after the earthquake and tsunami in 2011 several Dutch companies established, with the full support of the NCCJ, the Oranda-jima Foundation, which is still hard at work on establishing an after-school care centre for the town.

The effort is modelled on a similar project, for the Sumatran town of Banda Aceh in Indonesia, carried out after the 2004 earthquake and tsunami there. Building in Yamada-machi is scheduled to start next month and will be finished this autumn.

“Many organisations have contributed donations and Martin van der Linden of Van der Architects is donating all the design and architectural work,” notes van der Tang. “This will be something of lasting value for that community, which is slowly recovering.”

Regular events continue for the chamber, including the popular Lotgenoten lunches, where a specific topic related to doing business in Japan is introduced by an expert, followed by off-the-record discussion by all participants, moderated by the expert.

“These are very low-key events, but they are greatly appreciated because participants know they can speak freely about topics of general interest,” says van der Tang.

The ceremony for the Deshima Award, presented in alternate years in the Netherlands (by the Dutch and Japanese Trade Federation) and in Japan (by the NCCJ), was a particular success last October because of clever timing, says the chamber president.

“We planned the ceremony to coincide with the IMF meetings in Tokyo, so we could have a high-profile guest of honour,” he explains. “Minister of Finance Jan Kees de Jager was here to present the awards.”

Looming on the agenda following summer holidays in August, and before the usual round of year-end parties, is a special presentation on the latest developments in EU-Japan trade talks, by



I don't think business
will become easy
because of [a free
trade agreement.]
It will still be a tough
market


EBC Chairman Duco Delgorge, van der Tang's predecessor at the NCCJ.

The trade negotiations, with their potential for reducing tariffs and non-tariff barriers are an important factor about which businesses here must stay informed.

“The beginning of talks is a step forward,” says van der Tang. “I don't think business will become easy because of that. It will still be a tough market.”

All major Dutch companies represented in Japan are already NCCJ members, he points out, but newcomers are naturally always welcome.

“Good programmes, and a welcoming atmosphere during the programmes, is what attracts new members,” he says.

It is likely that, in coming months and years, chamber activities and EBC activities will revolve around progress in free trade talks and van der Tang emphasises that the NCCJ intends to be fully supportive of the EBC. 

Presentation by Timo Varhama, president of UPM-Kymmene Japan

16 May, Grand Hyatt Tokyo Text **DAVID C HULME**

Members and friends of the Finnish Chamber of Commerce in Japan (FCCJ) gathered at the Grand Hyatt Tokyo on 16 May to farewell an “elder statesman” of the organisation, former FCCJ president Timo Varhama. He retires this month as president of forest products importer UPM-Kymmene Japan.

Having sold paper around the world for 41 years, including 21 years in Japan, Varhama was introduced by current chamber president Marko Saarelainen as a “super paper man”.

He is also known and respected for his long-running Aoyama View column on the FCCJ website, covering a seemingly unlimited spectrum of local, national and regional topics, particularly related to politics and the economy.

Varhama treated his audience to a brief but entertaining video, compiled by his family about his life, which began in 1948. According to the video, he was fascinated by the paper industry at a very young age, before showing promise as a drummer in a band, and adopting the motto: “Never give up.”

As a youth, he told the audience after the video, he had thought he would become either a history teacher or musician. His first real involvement with the forest-products business, at the age of 15, was a summer job at a sawmill. It was an educational experience.

“At lunchtime, the older boys taught me how to smoke tobacco and play cards,” he related.

After graduating from the Helsinki School of Economics and completing military service, he joined Finnmap, the joint export sales organisation of Finnish paper companies.

In those days, he recalled, it seemed that paper was Finland’s only truly international business. He paid tribute to those present representing today’s Finnish exporters of metal and machinery, ships, forestry equipment, houses and high-tech products – including telecommunications equipment – plus “the most visible of us all here”, Finnair.

The early times with Finnmap were the days of international communication by telex and telephone.

“How many people in this room have ever seen a telex,” he wondered aloud, in a talk sprinkled with intriguing anecdote.

“We were visited by an American printer, who wanted to ship a large amount of paper to California. It was very thin paper, for Bibles. He told me that he planned to float Bibles into the Soviet Union by balloon. I don’t know if that ever happened, but we sold him the paper,” he said.

For 15 years, Varhama sold paper around the world, and ended up as sales director in the Finnmap Helsinki head office. In 1987, he was posted to Tokyo as executive vice-president of Nippon Finnmap.

“A bulk vessel arrived once a month to unload rolls of paper at Odaiba. There were no fancy hotels and shopping malls, just unloading docks and warehouses. I had to be there for three or four days each time to supervise the unloading, and there was a lot of damage,” he recalled, “something unthinkable today with containers arriving almost daily in perfect condition.”

At the time, visiting executives from Finland occupied a great deal of Varhama’s time, mainly because Finnair provided the only direct flight between Helsinki and Tokyo.

“That was once a week. Visitors stayed a whole week and took a lot of looking after,” he said. “And when they left, sometimes the next one had already landed.”

Varhama himself had arrived in Japan with a deep appreciation for the country and its culture, and not just because it is a nation with wonderful traditions in anything to do with wood.

At the luncheon, he held aloft a copy of a book that had a profound early influence on him: *Samurai*, by wartime flying ace Saburo Sakai.

“Outside Japan, this is still the best-selling Japanese book of all time” he said, relating that a highlight of his life was a meeting with his hero, Sakai, the year before his passing in 2000.

Before that, however, was a five-year Finnmap posting to Australia, during which Varhama developed a taste for rugby, cricket and Australian



Timo Varhama

rules football.

He returned to Tokyo in 1997 as president of Finnmap Japan.

“It was a very different country,” he said. “Negative and gloomy after the 1995 Great Hanshin Earthquake and the Aum Shinrikyo sarin gas attacks in Tokyo the same year.”

In 2004, Finnmap Japan became UPM-Kymmene Japan, a fully owned subsidiary of UPM Corporation.

The past two years have been the best ever for the firm’s Japan sales, partly because of its superior record in terms of reliability and partly because Japanese clients wish to diversify.

The super paper salesman intends to remain in Japan, moving into a Finnish-style wooden house that he is building in the Nagano highlands amid forests that remind him of his home country. His admiration for the Japanese people is undimmed.

“During my years here, I have learned more about being loyal, being considerate, and appreciating long-term friendships – things that I could learn only in Japan.”

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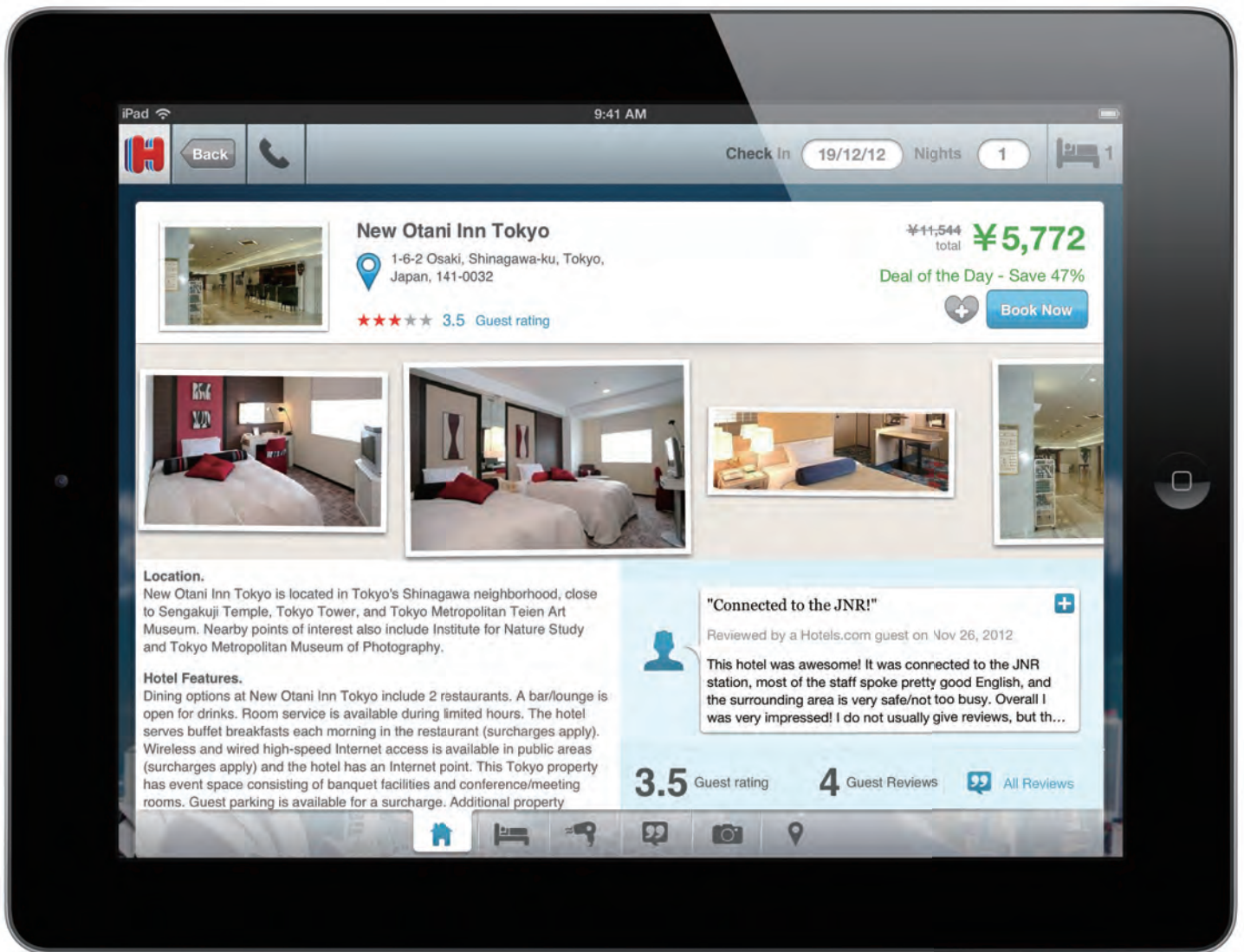
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Money from waste

Recyclers profit from automated sorting

Text **DAVID C HULME**

What really happens to that car, toaster or refrigerator that you have scrapped and are hoping will be recycled? The truth is that there will never be enough hands to dismantle these things, and most of them will become landfill unless they can be reprocessed by machine. This is where sensor-based sorting technology comes in, and recyclers can profit handsomely.

Norway-based Tomra Sorting Solutions manufactures robust, reliable machines, under the Titech brand, that are becoming increasingly popular in Japan, where scrapped cars, for example, are sent through shredders at rates of up to 50-60 units per hour.

"In some countries, recyclers remove the glass, tyres and engines, but there are so many complex components that if you want to extract pure metal, for example, shredding is the best way," explains Megumi Sasaki, managing director Japan of Tomra Sorting.

Titech systems can sort just about any kind of industrial or household waste, but business is liveliest wherever there are metals to be retrieved. The company's main customers in this field are private local recycling companies, says Sasaki. When it comes to plastics, usually, private companies compete for government tenders.

"In the future, for organic waste, we will deal with municipalities. But we are not there yet," Sasaki adds, explaining that though the technology exists, motivation remains weak. European countries are running test plants for household garbage and may fully adopt the technology in five years or so.

"In Japan, there is much further to go, and to do it here we would have to change the collection system," she says.

Sophisticated sensors are used to sort streams of shredded items such as cars and household appliances that are

spread on belts racing along at three metres per second.

"How the machine is set up depends on what the customer wants," says Sasaki. "One recycler may want to eliminate plastic, another wants to exclude metal."

Magnets are used to remove ferrous metals. Eddy currents, powerful forces created by a fast-spinning magnetic rotor, remove non-ferrous metals, especially aluminium.

"After the eddy current, 13-18% of the non-ferrous metal remains in the stream. That is things like bits of copper and harness wires," says Sasaki. "Our mission is to recover as much as possible of that metal, mechanically, and separate it. Altogether, we recover over 99% of the metal."

One by one, specific materials are eliminated from a stream that proceeds to successively narrower belts, until all that is left are the plastics, wood and other rubbish, much of which can be converted into fuel.

"However, in order to do that, we have to exclude anything containing bromine or chlorine," explains Sasaki. "And of course we have sensors and a machine to do that."

Sensors may be mounted above or below the material flying off the end of the belt, and there are various ways of separating a targeted item. The Tomra Sorting method is to activate a powerful and precise air nozzle, thus flipping a chunk of material out of the stream.

"The smallest nozzle size is 4.5 millimetres," says Sasaki. "So we say we can shoot anything over two millimetres in size." From ferrous metals to aluminium, flakes of PET bottles, polystyrene food trays, polyurethane and printed circuit boards – no dissimilar pieces can remain together.

"For various plastics, we use the same sensor, but with different settings," says Sasaki.



“NEW CUSTOMERS ARE CALLING US. WE DON'T CALL ANYONE NOW”

Megumi Sasaki

Titech sorting machines have been imported into Japan for more than a decade, but only by clients who discovered the equipment at trade shows in Europe. Only in May 2010 was the Yokohama office set up, with Sasaki handling administration and sales and Takeshi Kumagai taking care of installation and maintenance.

"We are really growing," says Sasaki, explaining that she spent the first year calling existing customers and building awareness in the market. That groundwork has paid off.

"Now we have a good position in the market," she says. "New customers are calling us. We don't call anyone now."

It took a while, she adds, to win trust in a foreign product, as some in the industry had experienced disappointments with regard to maintenance and service.

"Eventually, some of them were brave enough to try [our equipment], and they made a lot of money out of it. Then it became very easy," she says. Being able to recover even base metals at a rate of several tonnes per hour for each is certainly an attractive proposition in the recycling business.



Weather biz

Text **ALENA ECKELMANN**

*Forecasting becomes more
accurate and more valuable*

“THERE ARE **STILL**
OPPORTUNITIES FOR PROVIDERS
OF FORECASTING SERVICES”

Kazuya Kokubo,
Japan Meteorological Agency

In managing risk or predicting seasonal retail sales, the weather is a key factor for many industries. In Japan, the combined market for commercial predictions of weather, climate, waves and ground motion due to earthquakes is estimated to be worth ¥30 billion, according to a 2012 survey by Teikoku Databank.

The leading players are Weathernews and the Japan Weather Association (JWA), each registering annual sales of over ¥9 billion, followed by Halex, the Meteorology Engineering Center and Surf Legend.

In the business of predicting earthquake motion, 2011 saw the top five firms increase sales 36.5% YoY. The two main players are Hakusan and Kobori Research Complex, with annual sales of over ¥1 billion each, followed by DreamWare, A2 and ANET.

There are also niche opportunities for foreign firms. Vaisala, a Finnish service provider and manufacturer of environmental and industrial measurement products, has been leading the way in Japan since 1983.

“There are still opportunities for providers of forecasting services,” says Kazuya Kokubo, senior officer for private forecasting services supervision at the Japan Meteorological Agency (JMA).

A governmental body under the jurisdiction of the Ministry of Land, Infrastructure, Transport and Tourism, the JMA offers nationwide weather forecasts, as well as weather warnings for general and specific purposes.

Forecasts range from very short (up to six hours ahead), to two-day, one-week and long-range (several months ahead). These services are offered free. The JMA is the only national authority in Japan responsible for issuing severe weather warnings to the public via a range of government agencies engaged in disaster prevention, and through the media.

“Over the past few years the JMA’s weather forecasting services have seen some major improvements,” says Hiroshi Sasaki, chief forecaster at the JMA.

For example, the Hazardous Wind Watch was introduced in March 2008, while the Hazardous Wind Potential

Nowcast and Thunder Potential Nowcast were launched two years later. Nowcasts are issued every 10 minutes.

In 2009, the JMA’s Tropical Cyclones (TC) monitor was extended from a three-day to a five-day typhoon track forecast. A TC advisory is issued every three hours.

In May 2010, the JMA extended its targeted weather warnings, evacuation directives and advisories from coverage of the previous 375 sub-prefectural areas to the current 1,777 cities and town areas.

Weather forecasting businesses are required to assign predictions to certified weather forecasters (CWFs). Difficult national qualifying examinations to become a CWF are held twice a year. By the end of 2012, 8,840 people – just 5.8% of all applicants – had passed. The CWF system was established in 1993 and is regulated under the Meteorological Service Act, which is the legal framework for all weather forecasting in Japan.

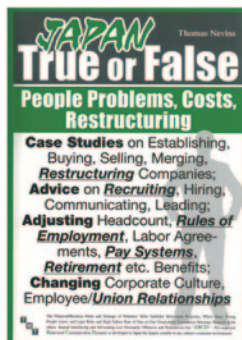
Sixty-two Japanese companies are certified by the JMA to offer services ranging from data and information to

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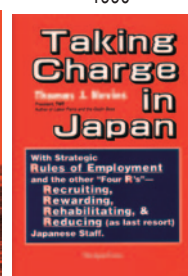
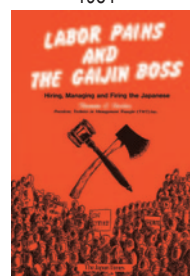
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consulting and advisory. They set their own fees, independent of the JMA.

An industry leader is the Japan Weather Association (JWA), which has over 530 employees. Headquartered in Tokyo, the JWA has regional offices in Sapporo, Sendai, Nagoya, Osaka and Fukuoka, as well as support offices in all 47 Japanese prefectures.

The JWA has customers in a very broad range of enterprises, including marine and fisheries; road, rail and aviation; construction; agriculture; gas, electricity and petroleum; as well as those related to river and dam management; facility and factory management; media and communications; events, retail and tourism operators; and individuals.

The JWA also provides detailed hourly predictions of the weather, temperature, wind direction and speed, humidity and precipitation for specific locations in Japan, for which it surveys smaller areas than would be the case for prefectural forecasts. The information is syndicated or customised, depending on the needs of customers, and fees vary accordingly.

"While the fee for syndicated information is in the range of tens of thousands of yen per month, tailor-made services cost some millions of yen per month," according to Naoto Yoshida, a JWA weather forecaster.

Currently, the accuracy of the JWA's one-to-three-day forecasts is about 85%.

"A wrong forecast can cause a loss of millions of yen – or tens of millions of yen in some cases. Just imagine the loss when the open-air concert of a pop star must be cancelled because of rain," says Yoshida.

The JMA operates several observation systems, including geostationary meteorological satellites, weather radars, wind profilers and radiosondes

for upper-air observation. All systems are operated to standards of precision set out in the international framework of the World Meteorological Organization.

Systems and equipment used by the JMA are acquired from a range of manufacturers, including weather radars from Japan Radio, wind profilers from Sumitomo Densetsu, and satellite systems from Mitsubishi Electric. The radiosonde, a radio transmitter installed on weather balloons, has been supplied by Vaisala of Finland for several years, as well as by Japan's Meisei Electric.

The JMA tested and began using Vaisala products, mainly humidity and pressure measuring equipment at the time, soon after the Vaisala office was established in Tokyo in 1983. Vaisala's products were also adopted by some Japanese researchers who required superior accuracy and reliability. Over time, mainstream customers joined in and purchased Vaisala products.

The company has continued to expand its presence in the Japanese market and into new service segments. In addition to observation systems for general meteorological purposes, Vaisala has begun to provide products for aviation and roadway observations.

Vaisala's service staff install and commission all systems sold in Japan, and provide local training. The Vaisala laboratory in Tokyo repairs and calibrates humidity and dew-point instruments, and is accredited by the Japan Calibration Service System.

"Currently, we are looking at the potential increase in the number of wind turbines in Japan, because knowing wind conditions is essential for wind-power generation," states Veli Solehmainen, president of Vaisala in Japan.

Competition is stiff, though, with a

number of domestic and international competitors in the market here, Solehmainen adds.

In 2012, Vaisala's Asia-Pacific sales totalled some €77 million, about 26% of the global figure. The Tokyo-based company employs 40 people, mainly in sales and services.

Globally, meanwhile, Vaisala's customers include businesses in defence, wind energy and maritime pursuits. What they have in common, Solehmainen explains, is "the need for accurate information on which to base effective operational decisions under any weather conditions".


There are also various manufacturers of machines and high-tech equipment, as well as producers in the life sciences.

"These companies need to know the environmental conditions in their manufacturing processes, clean rooms and storage spaces," Solehmainen adds.

He explains that all weather forecasting equipment and systems must meet Japan-specific requirements. For example, all weather observation sensors must be tested and approved by the JMA before they can be sold in Japan.

For 30 years, Vaisala has been riding out economic ebbs and flows, as well as, recently, pressure to cut costs.

"Over the years, we have learnt a lot from our Japanese customers. Their feedback has helped us immensely in providing better products and services. The demand for quality, especially, has forced us to pay attention to design, and this has benefitted us outside Japan as well," says Solehmainen, explaining the secret to their success.

"In general, our Japanese customers are very demanding regarding quality and performance. Our prompt after-sales service has been an important criterion for them when choosing Vaisala." 

Over the top

Global warming may open lucrative new shipping lanes

Text **CHRISTOPHER THOMAS**

Last August, when the LNG carrier *Knutsen* arrived at Yokohama and unloaded its cargo of liquid natural gas from Norway, it made headlines worldwide. The ship had travelled via the Northern Sea Route (NSR) above Siberia, the first LNG vessel to make the trip. Although certainly a PR milestone for Arctic shipping, it was hardly a unique event. Last year alone there were 49 full transits across the NSR, and even more are expected this year. As more open water appears amid the ice due to global warming, the NSR is looking more attractive as a viable commercial route.

There are three additional main shortcut routes envisioned between Asia and Europe: skirting the southern tip of the Novaya Zemlya archipelago in the Arctic Ocean; a route to the north of the NSR that would be a little shorter; and a route still further north, beyond the Russian exclusive economic zone. By 2050, if current trends continue, a fifth route will eventually open up,

straight across the North Pole. A sixth route, the fabled Northwest Passage through Canada's north – long a dream of mariners hoping for a shortcut from Europe to the Pacific – is actually becoming more impassable as changing currents push more ice into the already narrow passages between the islands.

Norwegian firm DNV (Det Norske Veritas), a global provider of services for managing risk, has done a lot of thinking on this topic. In a recent position paper, DNV predicted 500 transits a year by 2030 and 900 by 2050, if current trends hold steady. For 2050, the researchers project trade potential at 2.5 million TEUs (twenty-foot equivalent units).

DNV's chief of class operations in Japan, Yoshinori Miura, attended the Arctic Shipping Forum in April in Helsinki, and cautions against too much optimism.

"Whether [Arctic shipping] will really happen is difficult to say. It really depends on money, and on whether trends in climate change continue," he

says. "The NSR would be quite good for shippers. They could save a lot of money. But it is a seasonal route, say June to October, and you need ice-class vessels, icebreaker support, ice pilots, etc.; and these are expensive. Still, if fuel costs stay as high as they are today, then the NSR will be a great benefit for shippers, even with the additional expenses."

Johan Totturen, chief of DNV's Japan operations, elaborates: "Don't forget that these ice-class vessels, because of their ice-strengthening and other modifications, are much slower and more expensive to operate."

In terms of the impact of shipping on the Arctic environment, it's a mixed bag. DNV projects that the shorter travel times between Asia and Europe, compared to the Suez Canal or more southerly routes, will mean potential reductions in CO₂ emissions of 1.2 million metric tons per year by 2030 and 2.9 million metric tons per year by 2050.

Before any of this can happen, of course, safety has to be ensured.

“THERE REALLY IS NO OIL CLEANUP TECHNOLOGY FOR THE ARCTIC”

Yoshinori Miura

“We must have a zero-tolerance attitude towards accidents,” Totturen notes. “The effects of even one large accident would be catastrophic, both for the environment and for the Arctic shipping industry. Can you imagine a 150,000-ton supertanker sinking in the Arctic? The damage would last for generations. Public opinion would shut the route down.”

Arctic pollution has a way of hanging around for a long time, as oil would seep into cracks in the ice. Natural biological breakdown, which cleans up spills in warmer waters, just doesn’t happen in the chilly Arctic.

As Miura notes: “There really is no oil clean-up technology for the Arctic. If there were an accident, it would be enormously costly and extremely difficult to clean up. Maybe impossible.”

There are other problems, including invasive species carried in discharges of ballast water and on ship hulls, as well as the possibility of underwater noise disrupting ecosystems.

Despite thinning ice, the Arctic will continue to be a risky region.

“These routes are very remote, and search and rescue is difficult,” says Miura. “Further north from the NSR there is no satellite communication, which is a very dangerous situation. There would have to be full satellite coverage before the route could go ahead commercially.”

The regular members of the Arctic Council are Canada, Denmark, Finland, Iceland, Norway, Russia, Sweden, and the United States, which meet to thrash out policies on such matters as responsibility for search-and-rescue and crew training. Now, given the huge potential, others want a say in Arctic policy. China, Japan, India, Singapore, Italy and South Korea were granted observer status in the Arctic Council in May. China recently commissioned its first icebreaker, for use in research and to support Arctic business interests.

Norway is playing a leading role. The LNG carried by the *Knutsen* came from the Norwegian Snovit gas field. Iceland envisions a strategic position to become a trans-shipment hub for cargo transported between Asia and the US through the NSR. The Russians, in turn, are enthusiastic about opening up the NSR.


“They have a real commercial mind-set about the whole idea,” notes Totturen. The new route could become a tidy source of revenue for the Russians, as they would provide ports, ice pilots, icebreaker support and any number of other needed services. The government recently eased Russian regulations on the NSR to allow non-ice class vessels such as container ships during the midsummer, weather and ice permitting since they would still require icebreaker support.

Japan, for its part, has longstanding

research and strategic interests in the Arctic, and is lobbying for observer status on the Arctic Council. Eiji Sakai of Japan’s Ocean Policy Research Foundation (OPRF) says: “The NSR is attractive for Japanese shippers, which see big advantages because of the cost savings due to the shorter distance and, of course, the security; there are not so many pirates in the Arctic.”

However, Sakai adds, the equipment needed is expensive and the long-term prospects are uncertain, so Japanese shipping companies are hesitant to invest in ice-class ships.

“They are just waiting to see what happens,” he says, adding that the OPRF is advocating Japan’s northern main island as a terminus for the NSR. “Hokkaido would be an ideal location for a hub port for bulk cargo, as well as containers, and the government there is showing strong interest.”

In reality, there can be no reliable predictions for the Arctic routes. It cannot be assumed that fuel costs will remain as high as they are today, and there is no guarantee that the Arctic ice will continue to retreat. A Russian scientist at the Helsinki conference stated that the peak period for open water in the Arctic will turn out to have been last year, and that we are in for a period of increasing ice volume, due to natural fluctuations. How long that will last is anyone’s guess. 



Precision incorporated

Marposs Japan

Text **GAVIN BLAIR** Photo **BENJAMIN PARKS**

“Even today, the Japanese are surprised that we are an Italian company, because they tend to associate high-precision mechanical engineering and electronics with Germany and Switzerland,” says Paolo Mattioli, president of Marposs Japan, a maker of gauges used to measure parts in manufacturing with extreme accuracy. “When they think of Italy, they tend to think of fashion and food.”

“One of our main customers in Japan, since the very beginning, has been Toyota, which is known for its high quality standards. It’s not something that people expect, an Italian company involved in controlling the quality levels at Toyota,” says Mattioli.

Marposs maintains an office in Toyota City, Aichi prefecture, to service both the giant carmaker and some of its major parts suppliers. Marposs Japan has a presence near the operations of many of its biggest Japanese customers, both domestically and in South-East Asia. Along with the minimum 10-year assignments for its heads of local operations, this displays the kind of long-term commitment that is necessary in business relations with Japanese corporations.

Founded in 1952 near Bologna, where Marposs’ headquarters and its main manufacturing facilities are still located, the company came to Japan in 1970.

“At the time, the Japanese were importing a lot of machine tools from Germany and the United States, and those machine tools were fitted with our products. So there were Marposs products here, but people didn’t really know how to use them properly,” says Mattioli. “So the first reason we came was to support those customers. Also, it was because the potential of the market was very large due to the automotive manufacturers and the machine tool builders. Japan and Germany are the world’s two biggest machine tool exporters.”

In the automotive sector, Marposs

products are used mainly in making parts for engines, transmissions and fuel injectors.

“When you are making a part such as a crankshaft, you need it to be as close as possible to the design-specified size. The tolerance for deviance of the part from the theoretical size is measured in microns, or 1/1000ths of a millimetre. This is the precision of our gauges,” says Mattioli.

Though it does outsource some production in Japan, Marposs manufactures most of its equipment in Italy, and exports 94%. Operating in more than 20 countries, the company has 2,640 employees worldwide, including around 130 staff in Japan. Marposs also has small subsidiary operations in Malaysia, Thailand, Singapore, Indonesia and Vietnam that support Japanese companies there, and are run out of the Tokyo office.

“We have local competition all over the world, but no competitor that has a global presence. In Japan our main competitor is TSK,” says Mattioli, adding that Marposs enjoys a market share of more than 50% here in its core product sector. An increasing proportion of what it sells to Japanese companies now ends up in factories around Asia and across the world.

“Over the last few years, and especially over the last 12 months, we’ve seen a strong emphasis from Japanese manufacturers on Indonesia and Thailand, because they are moving away from China,” says Mattioli.

The shift towards these South-East Asian countries is due to rising labour costs in China, IP protection issues and regional tensions. Also, according to Mattioli, a cultural affinity with Indonesia and Thailand makes it relatively easy for the Japanese to do business there.

The recent weakening of the yen is having little effect on the shift of Japanese manufacturing abroad, he suggests, because the longer-term offshoring strategy is based on avoiding

“WE HAVE **LOCAL COMPETITION** ALL OVER THE WORLD, BUT NO **COMPETITOR** THAT HAS A **GLOBAL PRESENCE**”

Paolo Mattioli

currency fluctuations by localising production in the region, as well as concerns about the shrinking available Japanese work force. However, he does concede that “maybe the pressure to open production plants abroad has declined somewhat”.

In the automotive industry, with electric motors expected to displace the combustion engine, Marposs is already looking for new business. Possibilities exist in the area of hard-disk drives, which are now manufactured almost exclusively by Seagate Technology and Western Digital of the United States and Toshiba. Marposs supplies the production plants of the US companies in Thailand and Malaysia, along with Toshiba’s Japanese operations.

“We also have a very big customer in Japan that produces the machines that make the silicon wafers that are then transformed into electronic chips for smartphones and tablets,” reports Mattioli.

Marposs gauges are also installed in the machines used to make air-conditioners, and the company has benefited as major Japanese manufacturers have invested in new production facilities in Asia.

Another relatively new field that the company is targeting is biomedical, where the increased demand for hip, knee and shoulder replacements, which require precision titanium prosthetics, is almost certain to grow as populations age across the globe, and not least in Japan.

Automotive Components //

Globalisation in play

Text **GEOFF BOTTING**

Japanese automakers face a myriad of challenges. Following the 2008 global financial meltdown, sales and production declined as they grappled with a high yen and a shrinking home market. Making matters worse, cars simply are not as trendy in Japan as they used to be. A finding in a 2008 survey by the Japan Automobile Manufacturers Association (JAMA) states: "Fewer young people today have strong feelings towards car ownership." For these reasons, Japan's automakers are shifting their sights overseas, particularly towards emerging markets where demand is surging and cars are viewed as status symbols.

This shift of focus is a cause for optimism to Richard Kracklauer, chairman of the EBC Automotive Components Committee. In their quest to bolster overseas operations, the Japanese carmakers plan to tailor the design and engineering of their vehicles to local market conditions and consumer tastes. These modifications range from matching the performance of transmission units with local driving habits to adjusting colour choices.

Automotive Components Key advocacy points

- **Globalisation** – Parts procurement should be based on free and open competition, while Japanese automakers should avoid excessive reliance on affiliated companies.
- **Tyres** – JATMA should include tyres in its yearbook that pass UNECE regulations, even if they haven't been subject to separate Japanese regulations.
- **Information exchange** – The face-to-face meetings between Japanese carmakers and European suppliers should continue, and top-level officials from Japan's automotive industry should be encouraged to attend.

As part of this process, head offices in Japan are giving offshore manufacturing subsidiaries more say over what goes into the cars, a trend that Kracklauer sees as opening the door for greater procurement from foreign suppliers.

"In the past, it was very centralised,

with the headquarters in Japan making the decisions and the product concept coming from Japan. I think this has changed," Kracklauer explains. "This means we suppliers go to each market and offer our competence to the Japanese automakers there."

European auto suppliers such as Kracklauer's company, ZF Japan (a subsidiary of ZF Friedrichshafen in Germany), seem well poised to help. Such suppliers have extensive experience of operating in global markets. Japanese automakers, up to now, have long relied on their own affiliated subsidiaries, as well as other domestic companies.

"Europeans have long relationships that are already established in South-East Asia, China and North America," the committee head says. "If you take China, for example, European suppliers have been there a long time. They know the market. They're working with not only the German manufacturers in China, but also the Chinese manufacturers. This means they have a deep knowledge of this market."

The ongoing trend in Japanese

business towards greater globalisation bodes well, in general, for the Automotive Components Committee, whose efforts in past years have centred on improving access to the Japanese market. In the EBC 2012 white paper, the committee states that the manufacturers' decisions on parts procurement should be based on technical and economic benefits, rather than the old custom of relying on affiliated companies.

Information disclosure has been a related issue. Due to the closed nature of *keiretsu*, or their cross-shareholding networks, Japanese automakers tend to procure specific and narrowly defined parts. The committee recommends that they instead establish and disclose frameworks of open standards, an approach that would attract a greater range of suppliers and lead to more competition and transparency.

The committee's most current parts issue regards a non-tariff barrier involving tyres. Until recently, all tyre models approved for new vehicles had to be listed in the Japan Automobile Tyre Manufacturers Association's yearbook,

despite the fact that JATMA isn't a regulatory body.

"There was a kind of tacit agreement between the carmakers, MLIT [Ministry of Land, Infrastructure, Transport and Tourism] and JATMA that the industry would follow the book," says Bernard Delmas, a committee member and president of Nihon Michelin Tire, explaining the nature of the non-tariff barrier.

Tyres of foreign makers that had not undergone Japanese testing were not included in the document, even if they had met the requirements of the United Nations Economic Commission for Europe (UNECE), an agreement ratified by Japan.

A breakthrough on the issue occurred late last year. After exhaustive lobbying by Nihon Michelin Tire, the MLIT issued a decision that allowed non-listed tyres to be used at OEMs (original equipment manufacturers) for designated models of vehicles, as long as the tyres fulfilled UNECE requirements.

"We went back and forth between JTMA and MLIT, and it took several months," says Delmas.


The committee still is not fully

“THERE WAS A **KIND OF TACIT AGREEMENT** . . . THAT THE INDUSTRY WOULD FOLLOW THE BOOK”

Bernard Delmas

satisfied, he adds, referring to the recent achievement as a *de facto* situation. Next on the committee's agenda is to secure a general agreement for all new vehicles in principle, not just some designated models.

Another issue described in the white paper is about communication. Europe's auto suppliers want more face time, not just with ministry officials over regulatory issues, but also with the most senior executives of Japan's major automakers. Past meetings have "led to a greater understanding", the white paper states.

Building confidence in this way is important if European companies are to play a bigger role in helping Japan's automakers become more efficient globally. 



Not for the faint of heart

Text **DAVID C HULME**

A television programme about Kiyoshi Amemiya was the first step in Jun Yamazaki's path to the minefields of such war-ravaged locations as Cambodia, Angola and Colombia. As president of Yamanashi Hitachi Construction Machinery, Amemiya had spent years developing, and energetically deploying, mechanical systems for clearing land mines. The activity appealed strongly to Yamazaki's humanitarian sense.

At the time, however, with no qualifications except a degree in international relations from an Australian university, she was immersed in hunting for a job – any job – and

took a position with a small Japanese maker of telecommunications equipment.

"It was tough working for a small company, because I had to do many jobs at once," she says. "I studied as much as possible about imports and exports, because I wanted to get any skill that would allow me to go on to another job.

When she did go job hunting again, quite by chance an employment agency introduced her to Hitachi Construction Machinery, the parent of Amemiya's company.

"They told me about de-mining as their CSR activity," she says. The fragment of information about the determined land-mine-clearing inventor clicked into place. "I was not very



“MY MAIN
PURPOSE IS TO SAVE
LIVES”



DAVID CHULME

Left: Jun Yamazaki demonstrates how to defuse a hand grenade.

interested in Hitachi. Just de-mining. I said I would work for them only if I could work with Amemiya. Luckily, they let me do that.”

At last Yamazaki’s limited international credentials came into play, in the department responsible for Official Development Assistance (ODA). This meant dividing her time about evenly between Tokyo and Yamanashi, dealing simultaneously with the Japanese government, with the recipient nation and with Amemiya. Her first overseas business trip was to Cambodia.

“That was the first time for me to see a minefield. I realised that I didn’t know anything. I didn’t know how the de-mining machine works or what people really do in the field,” Yamazaki recalls. “So I went online and studied a lot about landmines and explosives.”

She also had to learn the complex ODA system. A project normally starts with field research on a particular minefield, with a report submitted to the local Japanese embassy, which in turn reports to the Ministry of Foreign Affairs (MOFA) in Tokyo.

“If the project is approved, MOFA provides a budget to the local mine action authority, which then sends money to us,” says Yamazaki, adding that the approval process alone normally takes 6-12 months. That is a long time for a man like Amemiya, who is also known to be impatient with corporate compliance.

“The parent company had strict rules about where we could go and what we could do, but Amemiya did not care,” explains Yamazaki.

Colombia, for example, was still a conflict zone when Amemiya took his equipment there, and Yamazaki as well.

“I enjoyed working in the field, but I belonged to Hitachi,” she says, adding that it was she who had to weather the criticism over Amemiya’s perceived escapades. He had pushed the local embassy really hard, and brought his machinery there in only about seven months.

“He broke all the rules,” Yamazaki states. “After that I had to clean up many things. But without him, nothing would happen.”

After three-and-a-half years of involvement with relief work and mechanical de-mining, Yamazaki left Hitachi

Construction Machinery at the end of 2010 and enrolled in a peace studies course at the United Nations-mandated University for Peace in Costa Rica.

“I really wanted to commit to a career in de-mining, but I needed a master’s degree,” she explains. After that came the hands-on experience, training at the MAT Mondial EOD (Explosive Ordnance) & de-mining School in Kosovo.

Yamazaki is now the only Japanese woman certified to undertake manual de-mining under International Mine Action Standards (IMAS), EOD level 3. She is trained to identify unexploded ordnance (UXO) such as shells, grenades, mortars, missiles and mines, and to destroy the objects on-site.

“First, it is really important to understand the fuse. Some are sensors, rather than impact fuses,” says Yamazaki, explaining that demolition methods also vary. “We usually use TNT [trinitrotoluene] or RDX [cyclotrimethylenetrinitramine], or mix them by hand, depending on the size and power of the UXO. To demolish a rocket, for example, we have to place three explosives – one each for the body, propellant and Venturi tube.”

Yamazaki puts to rest any notion of harbouring a death wish.

“Everything I am doing is for myself, for my career in humanitarian action. My main purpose is to save lives. I have to be alive to do that, so I protect myself,” she says, adding that her training means she can also teach people in war-contaminated areas to recognise dangerous objects and situations.

In the longer term, Yamazaki sees herself working in the field of international humanitarian law, perhaps with the International Committee of the Red Cross, influencing the formulation and implementation of laws and treaties dealing with UXO and small arms.

“In order to have a credible voice concerning such treaties, I have to accumulate a lot of experience in the field,” she says, crediting Amemiya with teaching her pro-active persistence.

“Before working with him, I believed that my possibilities were limited,” she says. “Now, I have a clear goal. Whatever I need in terms of knowledge or skill, I know I can just go and get it.”

High on Occupancy

Text **DAVID UMEDA**

Experts in Japan's real estate industry maximise occupancy across all types of urban property.

Savills is a leading global real estate service provider listed on the London Stock Exchange. Established in 1855, they now have over 500 offices and associates throughout the Americas, Europe, Asia Pacific, Africa and the Middle East.

There are 47 regional offices in the Asia Pacific alone, comprising some 25,000 staff across Australia, China, Hong Kong, Japan, South Korea, Macau, New Zealand, Taiwan, Thailand, Singapore and Vietnam, as well as at Savills associate offices in Malaysia and the Philippines.

Savills provides best-in-class advice across a wide range of property services, including investment advisory, asset and property management, tenant representation, office leasing, valuation and appraisal, and market research.

"Our core strength lies in the ability to combine international expertise with detailed local knowledge," says Christian F Mancini, CEO – North East Asia and Representative Director, CEO of Savills Japan. "This enables us to effectively guide clients through every stage of the property cycle."

Location

Lend Lease is one of the world's leading fully integrated property and

infrastructure solutions providers. They are capable of integrated project management from pre-design through to post-occupancy. A critical component in determining location is Lend Lease's site evaluation and feasibility studies. Once a project gets underway, they provide management of design and scheduling, cost and procurement, as well as construction – including for multi-site programmes.

Lend Lease takes pride in its consultation services regarding sustainable green building design. Endorsing a long-term perspective with clients, they also offer facility decommissioning and divestiture support if needed.

Takenaka Corporation's philosophy is to contribute to society by passing on the best works to future generations. They create architecture that not only addresses core concepts of safety, resilience, comfort and people-friendliness, but is also sustainable.

The GYRE building, built by Takenaka and jointly designed with Netherlands-based architectural firm MVRDV, stands among the iconic commercial architecture of the tree-lined Omotesando Avenue. Takenaka developed the concepts for the project and the facility; planned the tenant mix; obtained the necessary permits and approvals; realised the design; conducted tenant leasing; and built the facility. GYRE is based on a concept of "swirl" with the orientation of each floor slightly shifted



Christian F Mancini, CEO – North East Asia and Representative Director, CEO of Savills Japan

around a central axis to give a sense of rotation.

Aoyama Realty Advisors' management and appraisal services are based on the premise that "clients should get results, not just reports", providing expertise needed to make the right decision in real estate investment and disposition.

Relocation

Asian Tigers Mobility is a leading provider of international relocation solutions, moving thousands of families each year to their new homes from



every corner of the globe, with comprehensive, tailor-made, end-to-end mobility service. Specialised regional practices, innovative technology and industry-leading processes set a new standard in Asia.

At **UniGroup Relocation Japan**, “we have extensive collected experience in the moving industry and destination service,” points out Aki Nitta, General Manager and Executive Officer, “and help alleviate what can be a stressful time for you and your family.”

Interior motives

Feeling at home within your own four walls means furnishing your own personality. This approach is the essence of **USM Modular Furniture**, offering design solutions that can change and grow with you throughout your life.

Form follows function, and this basic principle is behind USM’s product design. The furniture is created from simple, clear solutions, while the function can always be seen in the design.

USM recognises that there is no consistency without renewal, and no continuity without the need for innovation. USM Haller modular furniture is created from just a few basic elements that can be assembled into customised storage and display cases.

The working environment is forever evolving. USM Modular Furniture accompanies every reorganisation of space, flexibly and efficiently.



Clockwise from top left: Takenaka Corporation; USM Modular Furniture; Oakwood Asia Pacific

Refined residences

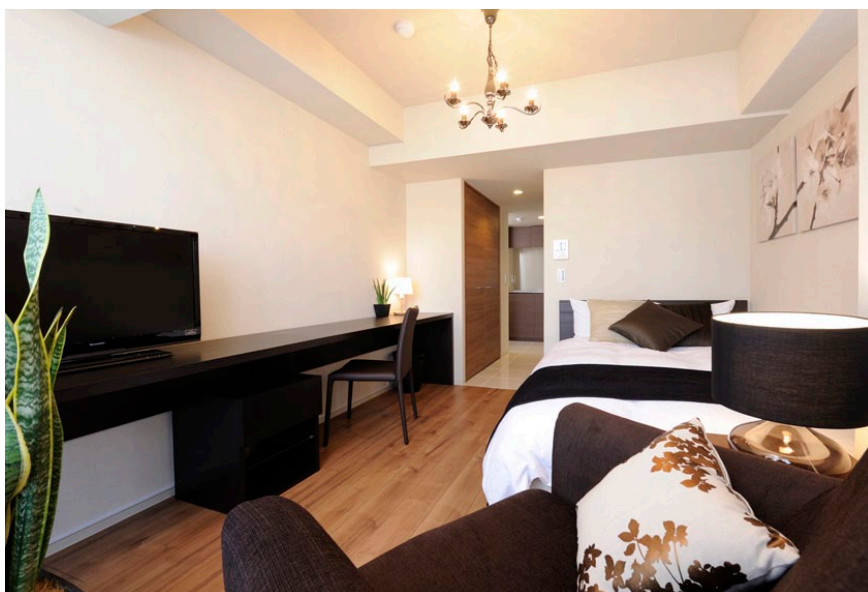
Oakwood Asia Pacific is a division of Oakwood Worldwide, offering a choice of serviced apartment solutions in six hotspot locations in Asia’s most cosmopolitan city, Tokyo.

The Oakwood Premier, located at Tokyo Midtown is designed for international travellers who demand luxury and style, combining impressive apartments with the amenities and services of luxury hotels. The Oakwood Residence, ideal for families, offers elegant apartments that combine the spacious comfort of a private home with warm hospitality and a high standard of service, at three locations: Akasaka, Azabujyuban and Roppongi.

As value-for-money options ideal for single professionals or couples, the fully equipped Oakwood Apartments provide chic and fresh accommodations with modern essentials, and are located in Roppongi and Shirokane.

With a multinational client base that includes 80% of the world’s largest companies, Oakwood has grown to become the largest serviced apartment operator with over 27,000 apartments throughout Asia, Europe and North America.

Space Design’s BUREAU and B-SITE executive serviced apartments have proven to be an ideal accommodation choice for business travellers who wish to be in, or near, Tokyo. Each fully furnished apartment features personalised



Clockwise from top left: Space Design; Sakura House; Hotel & Residence Roppongi

service and attractive amenities for mid- to long-term stays in Tokyo or Yokohama. Their residences include complete kitchens, washers and dryers, and high-speed Internet access.

A 24-hour helpline by Space Design is available at the 14 convenient locations in Tokyo and Yokohama.

Besides offering a range of serviced apartments – from extended-stay studios to suites at daily, weekly and monthly rates – **Azabu Court** is like a resort within the capital city. Nearby Arisugawa Park offers hills and valleys, ponds and densely wooded areas, making residents forget they are near

the heart of a big city, convenient to shopping and cafés. English-speaking professionals are on duty seven days a week. Residents at Pacific Rim Development's serviced apartments enjoy concierge service, mail/courier delivery, free broadband Internet access, 24-hour building security, and more. They also are members of the Fitness Club Hiroo, with its exercise and fitness studio programmes.


Living the life

Opened in 1992, **Sakura House** aims at promoting 'interculturality' through the diversity of its community, and is the

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The simplicity of the Sakura House rental system, and multilingual staff and experienced maintenance team, make it easy to 'step into' Japan.

A new style of accommodations is provided in a neighbourhood within walking distance of Tokyo Midtown, Roppongi Hills and the National Arts Centre. **Hotel & Residence Roppongi** consists of a design hotel (Hotel S Roppongi), furnished serviced apartments, furnished/unfurnished residences, and five restaurants. Monthly rent starts from ¥152,000. A concierge and front desk deliver 24/7 service. Housekeeping is once a week, and the Wi-Fi access is free. There is a library, broadcast studio, event space, reception lounge and conference/meeting rooms.

At H&R Roppongi, the fully furnished serviced apartments include kitchen, dishes and consumer electronics. Furnished residences offer a choice of different styled décor suitable for long-term stays. For the unfurnished SOHO-type residences, the hotel facilities become an extension of the work place. Other amenities include free breakfast and discount ticket to gym. 

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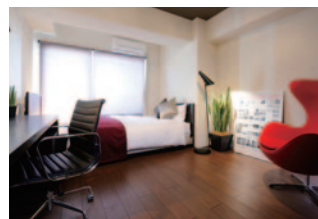
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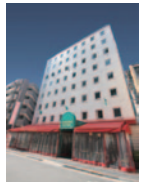
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International School of the Sacred Heart is for girls Grades 1 through 12, and a co-educational Kindergarten for three to five year olds. The international programme is based primarily on the curriculum from the US, UK, Canada and Australia. The school and staff provide a warm, loving and caring atmosphere.

Founded in 1986, **ai INTERNATIONAL SCHOOL** is a preschool and kindergarten, where children learn to respect differences and develop borderless friendships through the international atmosphere in the classrooms and activities. Children come to love everything about learning, and become lifelong learners.

What sets **Ohana International School** apart is that they are one of the only international preschools where the owners are the teachers and live the philosophy of the school. They believe in building the character of the students through academics and life skills. Through lessons and projects, students are "hands-on" participants.

St. Mary's International School nurtures the intellectual, physical, emotional and social development of each boy, and fosters multi-cultural awareness and understanding. The St. Mary's experience begins with a pre-first grade programme and culminates with a challenging four-year college preparatory curriculum. 



ai INTERNATIONAL SCHOOL

Email: info@aiinternationalschool.com

Tel: 03-3769-3372 **Fax:** 03-3456-0488

Address: 3F, 5-4-1 Mita, Minato-ku, Tokyo 108-0073

www.aiinternationalschool.com

ai INTERNATIONAL SCHOOL provides a multi-age environment for Preschool (1-3 year olds) and Kindergarten (4-6 year olds). Children learn to be responsible for themselves and for each other, in an international environment.



International School of the Sacred Heart

Email: info@iss.ac.jp,
admissions@iss.ac.jp

Tel: 03-3400-3951

Address: 4-3-1 Hiroo, Shibuya-ku, Tokyo 150-0012

www.iss.ac.jp

ISSH has a co-ed Kindergarten programme and all-girls from Grades 1 to 12. Leadership skills are acquired and confidence is built in an environment in which we nurture the whole child. The academic program features an AP-based curriculum, and we are accredited by WASC and CIS.



Saint Annie's International Kindergarten

Email: kids@saintannie.net

Tel: 03-6407-9221 **Fax:** 03-6407-9238

Address: 1-5-3 Tomigaya, Shibuya, Tokyo 151-0063

http://saintannie.net/

Kindergarteners are eager to explore, investigate and discover the world around them and a Saint Annie's International School education can make a difference in how much they learn and grow. Our programme introduces your child to a formal education while embracing the idea that every child is smart. For more info, please visit us online.



Gymboree

Email: info@gymboree.jp

Tel: 03-5449-2311

Address: Motoazabu Crest Building, 1F, 2-3-30, Motoazabu, Minato-ku, Tokyo 106-0046

www.gymboree.jp/en

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Email: Ohana.International.Sch@gmail.com

Tel/Fax: 03-3408-8888

Address: 3-12-36 Motoazabu, Minato-ku, Tokyo 106-0046

www.schoolintokyo.com

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Address: 1-6-19 Seta, Setagaya-ku, Tokyo 158-8668

www.smis.ac.jp

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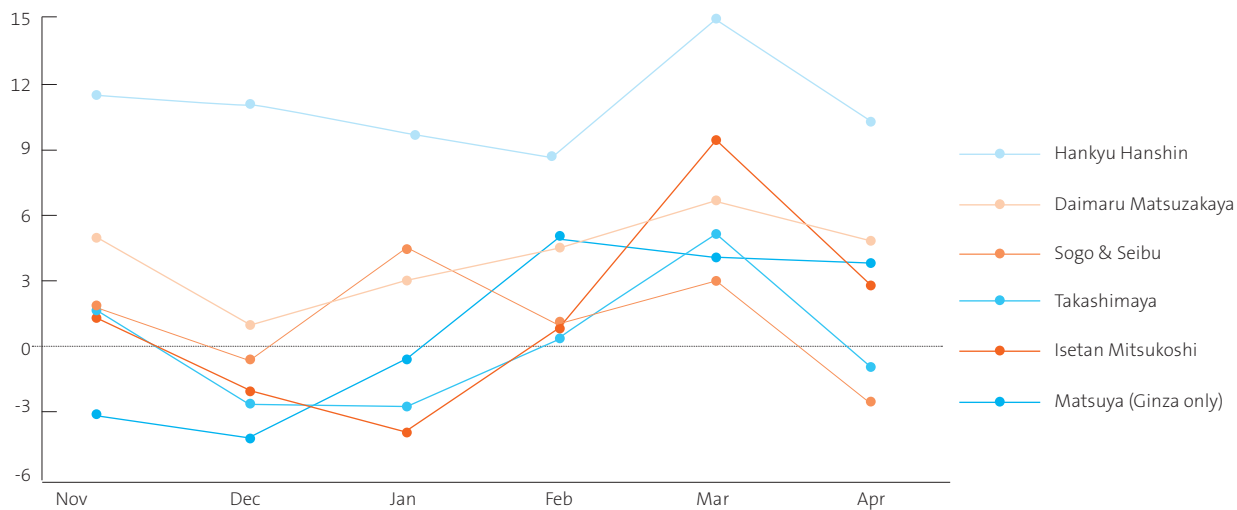
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MITSUKOSHI

Department store earnings soar

YoY % change in monthly sales



Nationwide department store monthly sales rose 3.9% year-on-year in March, and in Tokyo alone rose nearly 6%. It was the third consecutive month of growth. Revenues were buoyed by strong sales of luxury brands of accessories, jewellery in particular, and apparel since the beginning of spring.

Initial results for April were also almost all positive, partly because of new or upgraded stores. Hankyu Hanshin Department Stores recorded a 10.3% sales increase, Isetan Mitsukoshi Holdings 3% and Daimaru Matsuzakaya Department Stores 4%.

The improved sales environment, combined with cost-cutting measures and some acquisitions, has sent profits soaring. J. Front Retailing posted an operating profit increase of 43% in fiscal year 2012, partly thanks to the inclusion of Parco (purchased from Seibu). It expects another 30% jump this year, to ¥40 billion, although again partly because of the sale of the loss-making Peacock supermarket business to Aeon. Takashimaya's operating profit rose 20.7% and Isetan Mitsukoshi jumped 54%, to ¥23.8 billion, with a forecast of ¥30 billion for this year.

While department stores have made hay this year, thanks to the jump in luxury sales, none of them are expecting this run of good luck to continue – particularly with the imminent rise in consumption tax next April. For the future, they are counting on three strategies for growth in profit and sales: filling space with tenants, overseas expansion, and non-department store businesses.

Handing over space to specialty tenants is a key to increasing profits, particularly at second-tier regional stores where sales performance remains very poor. As JapanConsuming's new Japan Apparel and Fashion Market 2013 report shows, average sales densities at regional department stores are half those of city centre locations, at around ¥59,000/m² – and average densities have anyway fallen by more than half for all department stores since 1991.

Key to sales growth is expansion into non-department store retailing. All the leading firms now have specialty cosmetics chains, and accessories and apparel stores are expected soon. They are also building shopping centres overseas and investing more in e-commerce. If they can continue to cut costs, overhaul department stores, and expand into new fields, a sustained revival for the once beleaguered sector looks likely. ☺



ROY LARKE

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



For more information, please see www.japanconsuming.com or contact Sally Bedown at subs@japanconsuming.com

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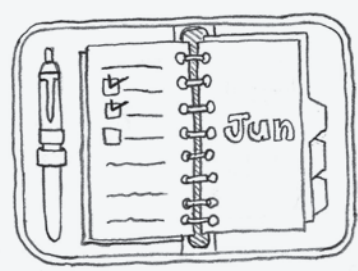
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Upcoming events



► **Belgian-Luxembourg Chamber of Commerce in Japan**
www.blccj.or.jp

Monthly Belgian Beer Gathering

17 June, Monday; 16 July, Tuesday, 19:00-23:00

Venue: a Belgian beer café in Tokyo
Fee: Pay for what you drink
Contact: info@blccj.or.jp

Business Seminar: Delighting Customers in Japan XII

19 June, Wednesday, 17:30-20:30

Speakers: Bruce Goodwin, President and Representative Director, Janssen Pharmaceutical K.K.; Hideki Matsubara, President and Representative Director, Miele Japan Corp.; Philippe Jardin, Japan Country Manager, Fauchon K.K.; Rudie Filon, Counsellor, Head of Press, Public and Cultural Affairs, Delegation of the European Union to Japan
Venue: Lounge Oakwood Premier Tokyo Midtown, Roppongi
Fee: ¥5,000 (members), ¥6,000 (non-members)
Contact: info@blccj.or.jp

► **Finnish Chamber of Commerce in Japan**
www.fcc.or.jp

FCCJ Luncheon Meeting

17 June, Monday, 12:00-14:00

Speaker: Norio Sasaki, President & CEO, Toshiba Corporation

Venue: Hotel Okura, Kensington Terrace
Fee: ¥6,000 (members), ¥8,000 (non-members)
Contact: fccj@gol.com

► **German Chamber of Commerce and Industry in Japan**
www.japan.ahk.de/en/

German Asparagus Dinner in Tokyo

12 June, Wednesday, 18:30-21:30

Venue: The Westin Tokyo, Galaxy Ballroom
Fee: ¥16,000 (members), ¥20,000 (non-members)
Contact: events@dihkj.or.jp

► **Ireland Japan Chamber of Commerce**
www.ijcc.jp

Third Thursday Networking Event

20 June, 18 July, Thursday, 19:00-21:00

Venue: Sláinte, Ebisu (20 June), TBD (18 July)
Contact: secretariat@ijcc.jp

► **Italian Chamber of Commerce in Japan**
www.iccj.or.jp

Course: Master of Food – A Slow Food Project

15-20 June, Saturday-Thursday

Speaker: Cristiano De Riccardis, food expert, educator and master taster of high-quality

JUNE						
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Venue: ICCJ, Tameikesanno Station
Fee: ¥29,000 (members), ¥33,000 (non-members)
Contact: iccj@iccj.or.jp

► **Swedish Chamber of Commerce and Industry in Japan**
www.sccj.org

YCN Sweden Night

7 June, Friday, 22:00-5:00

Venue: Club Velours, Aoyama
Fee: ¥2,000
Contact: office@sccj.org

Upcoming meetings

→ **Animal Health**
 28 August, Wednesday, from 15:00, off-site

→ **Asset Management**
 26 July, Friday, from 12:00, EBC

→ **Automotive Components**
 26 September, Thursday, from 16:00, EBC

→ **Energy**
 13 June, Thursday, from 14:00, EBC

→ **Food**
 11 September, Wednesday, from 09:00, EBC

→ **Human Resources**
 3 July, Wednesday, from 19:00, EBC

→ **Legal Services**
 12 September, Thursday, from 18:30, off-site

→ **Logistics and Freight**
 10 September, Tuesday, from 17:00, EBC

→ **Materials**
 2 September, Monday, from 17:30, EBC

→ **Medical Equipment**
 27 June, Thursday, from 14:00, off-site

→ **Railways**
 2 September, Monday, 09:00, EBC

→ **Tax**
 27 August, Tuesday, from 17:00, EBC

→ **Telecommunications Carriers and Equipment**
 13 June, Thursday, from 10:00, EBC

Committee meeting dates are subject to change. Please contact the EBC secretariat for confirmation.
 Tel: 03-3263-6222. E-mail: ebc@gol.com

Richard Collasse

Stranger than fiction

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





Richard Collasse crowds his schedule and loves a deadline. “Adrenalin allows me to write,” says the author of several novels. “I have to always be on the edge, time wise. If I start too early on a project, it does not work.”

The long-serving president of Chanel Japan and former chairman of the European Business Council in Japan (2002-2008) has just begun work on yet another novel, after an urgent prod from his publisher in Paris.

Writing, rather than fashion or business, seems closest to the core of what makes Collasse tick. It was creative flair, rather than aptitude in scientific studies, that won him praise from teachers during his high school years in Casablanca, Morocco. He says that living in that vibrantly multicultural city, where his father, a senior pilot for Air France, had been posted to train Moroccan pilots, gave him the permanent benefit of an open and accepting mind.

“I was lucky to be raised in a country with a very different culture from that of my own country,” he says, adding that in Morocco he saw “the smiling face” of Islam.

“In Morocco, you could live in the French community if you wanted to, but my parents were very open to other cultures and had many friends of various backgrounds,” he says. “My father was initially assigned for two years, but we stayed 10 years. That just tells you how much we loved the country.”

Though French was widely spoken, he even began learning Arabic. Unfortunately, it was the language of literature that he tackled, rather than the vernacular, and his playmates discouraged him.

“They could not understand what I was saying. I dropped it, which was a pity, because otherwise I would speak quite good Arabic now,” he says.

It was during the four-month break between high school and university that Collasse, aged 18, first came to Japan. Asked why, he replies with a characteristic raconteurial tweak: “Because I did not go to Brazil.”

A family friend – “A French guy

who was a little bit cuckoo” – lived in a remote part of the Amazonian rainforest and planned to write a book about his experiences. He suggested that young Collasse, who was already a prizewinning amateur photographer, could stay with him for a couple of months and take pictures for the book.

“I really wanted to go to Brazil, but it would have been a crazy trip, about a week by boat along a river, beyond any known place,” he relates. “I could see that my mother was extremely worried. She thought I might be killed by tarantulas or have my head shrunk. So, I abandoned the idea.”

It was then that the senior Collasse insisted on his son spending the summer in Japan.

“Dad loved Japan,” Collasse recalls. “He flew here in the 1950s, and again 20 years later, and was astonished by the change. He said the country has a wonderful culture, rich history and tradition, and is probably the most modern country in the world today.”

So the youngster enquired in Paris about backpacking in Japan and the possibility of staying in the homes of people whom he would meet along the way.

“I was told that Japanese would never invite a stranger to their home, the houses are too small, and so on,” he recalls. “And yet, I spent 40 days backpacking, staying every night in the home of someone I had met that day. I completely fell in love with the country.” The experience also reinforced his conviction that “nothing is impossible”.

Thus moved, Collasse studied Oriental languages and, upon graduation from university in Paris, decided to follow in the footsteps of French authors who coupled significant contributions to literature with careers in diplomacy.

“I wanted a career that would allow me to write novels,” he says. After two years posted at the French embassy in Tokyo, however, he concluded that things were moving too slowly.

“I am not a patient guy,” he explains. He returned to France to work for an importer of Japanese audio and video equipment. After two years, he took a job in the small representative office of fragrance brand Givenchy.

“A year after that, they asked me to establish a fashion company in Japan. I knew nothing about running a

i Do you like natto?

Title: President and representative director, Chanel K.K.

Time in Japan: “Close to 40 years”

Career highlight: “Since August 1995 Chanel K.K. president and representative director”

Career regret: “My rule is to have no regrets, but there may be some remorse”

Favourite saying: “Nothing is impossible”

Favourite book: “*L’Étranger*”, by Albert Camus

Cannot live without: “My wife, Naoko”

Lesson learned in Japan: “The Japanese are not as patient as legend has it”

Secret of success in business: “Never give up things you really believe in, and never fight for what you don’t believe in”

Do you like natto?: “I love it!”

company, but I created it out of nothing and it was successful,” says Collasse. Over seven years, in fact, Givenchy’s fashion licensing business here grew to about \$300 million in sales per year, enough to grab the attention of Chanel, the industry heavyweight.

The timing was right, he says, and Chanel was appealing because it did no licensing and would afford him greater opportunity for contact with consumers.

Still, friends initially questioned the wisdom of the move, as he would report directly to the reputedly tyrannical founding president of Chanel Japan.

“They said this person was going to destroy me,” Collasse recalls. Never one to quail before a challenge, however, he actually welcomed this one.

“I was 30 years old, and at Givenchy I was left to do things my own way. I felt I needed the experience of being in a strong hierarchy,” he explains. Besides, he convinced himself that others may have misjudged his new boss.

“I met his wife! Such a delightful person! A guy with such a nice lady for a wife cannot be all that bad,” he says. “That is why every time I interview someone who is going to work with me, I insist on meeting their partner.”

Since becoming president of Chanel Japan in 1995, Collasse has weathered storms aplenty and kept accumulating memorable stories, many of which become ingredients for his novels. **e**



Dietmar Kielnhofer

General Manager, The Westin Tokyo

Dietmar Kielnhofer, born in Austria, has served as general manager of five-star hotels in Vietnam, Indonesia, Thailand, Egypt, Jordan and Saudi Arabia. He joined The Westin Tokyo in mid-2011.

"We want our guests to feel better when they leave than when they arrived," says Kielnhofer, proudly showing off the recently added 480m² Westin Garden, planned and built by world famous landscape artist Kazuyuki Ishihara. "We wanted to create something unique and special – a green oasis where people can relax and find solace in a peaceful environment; where guests can feel they are in harmony with nature."

Photo **IRWIN WONG**



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