

# EURObiz JAPAN

Jean-Etienne Gourgues  
Pernod Ricard Japan



**Entrepreneur -**  
So many problems...  
So many opportunities

**No limits -**  
Q&A with Robert Walters

**Best of both worlds -**  
Japanese culture  
takes on the world

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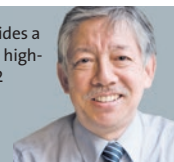
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EUROBiZ Japan welcomes story ideas from readers and proposals from writers and photographers. Letters to the editor may be edited for length and style.

## Contributors

**David Umeda** provides a special insight into high-end goods, page 22



David has been senior editor at Paradigm since 1999. For the past 21 years, he has been covering the high-luxury market in

Tokyo as a journalist. He also has ridden the highs and lows of the economy.

"Shibuya, Omotesando, Ginza, Marunouchi and Odaiba are all lined up along the lower half of the circular Yamanote line near Tokyo Bay. Amidst the euphoria of winning hosting rights for the 2020 Olympic Games, the government is eager to welcome the world. Yet, what doing this story has reminded me of is a concerted effort to deliver Japanese creative culture overseas."

Benjamin, a Canadian, specialises in portraits and still-life, and works on advertising, corporate and editorial assignments. His clients include Facebook, Ferrari, Casio, United Colors of Benetton, Meiji University and Rolls Royce. He loves working with clients on all stages of a project: planning, scheduling, casting, storyboarding, shooting, editing, retouching and everything else.

"My challenge when shooting for EUROBiZ Japan is to express the humanity, warmth and personality of the movers and



**Benjamin Parks** is an eye behind the lens for EUROBiZ Japan

shakers of the Tokyo business world. If I photograph Hiroshi Mikitani, I want to show who he is, not only as a business identity but also simply as an individual."

**Gavin Blair** discovers the secrets of a wine and spirits company, page 24



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.

"By coincidence, a week before working on the Pernod Ricard story I was listening to a Frenchman try to explain to two Japanese friends the peculiar delights of anise-flavoured pastis drinks. I listened then with extra interest how the leading two rival makers of those drinks came together and eventually became one of the biggest global wines and spirits groups."

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# Making change

Business leaders, economists and other experts gathered for the recent EU Asia Top Economist Round (Event Report, page 18) generally agreed that Japan is at last shaking off decades of deflationary blues and climbing back into the Asian growth league. They credited Abenomics, and rightly so. But Japan has been changing for much longer than the two years that Shinzo Abe has been prime minister.

That change has made Japan a much more friendly place for small and new businesses. Alena Eckelmann (Entrepreneur, page 8) interviews individuals who started their own enterprises at various times over the past decade. Their fields of activity range from IT solutions to executive coaching, a digital creative agency and environmental innovations.

Major businesses also benefit from change, as explained by recruitment

consultancy CEO Robert Walters in this month's Q&A (No limits, page 12). As recently as 2000, it seems, the typical Japanese executive was oblivious to the notion of switching from one company to another. That concept is now sufficiently embedded for Walters to confidently predict spectacular growth in Japan for the executive search sector.

Also changing markedly is the level of comprehension among non-Japanese regarding what it really takes to succeed in this market. There have been some dismal failures as big overseas retailers tried to push their way in without fully understanding the characteristics of the market. Danish knick-knack store Tiger, however, seems to have arrived with a better understanding of the Japanese customer than even the Japanese retailers. Roy Larke (Shop Window, page 39) brings us up to date on the state of competition in that intriguing niche.

Wine and spirits company Pernod Ricard (Investing in Japan, page 24) is another organisation that succeeds in exploiting the particular tastes of the Japanese consumer, which it can do by giving local managers considerable autonomy in developing their own market. It has launched two new drinks this year, a wine and a whisky, created specifically for Japan.

Something similar applies to the European fashion houses that have succeeded here. David Umeda (Best of both worlds, page 22) looks at some that are reinventing themselves in exciting ways. [e](#)

**David C Hulme**  
Editor-in-Chief

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# Entrepreneur

## *So many problems ... So many opportunities*

Text **ALENA ECKELMANN**

Japan has an image of being a difficult country in which to set up a business. However, the EY G20 Entrepreneurship Barometer 2013, released by accounting firm Ernst & Young in August, suggests otherwise.

More than 1,500 entrepreneurs in the G20 nations were surveyed on the five pillars essential for fostering an entrepreneurial climate – funding, culture, tax and regulation, education and training, and coordinated support.

The UK, the United States, Australia, Canada and South Korea are shown to have the best conditions for entrepreneurs. They are followed by the EU overall, France, Germany and Japan.

In terms of funding, fostering an entrepreneurial culture, and tax and regulation, Japan ranks far better than the

EU overall. The reverse is true for education and training. Coordinated support for entrepreneurs is lacking in both the EU and Japan.

“Japan has a lot of problems, and therefore is a great market for entrepreneurs to build new ventures that solve these problems,” argues Jeffrey Char, a serial entrepreneur who grew up in Hawaii, but has lived in Japan for 23 years and founded or co-founded more than 10 businesses here.

“Identify a problem that really bothers you in Japan and view this as a potential business opportunity,” Char suggests. “The business idea evolves as a result of trying to figure out a way to solve the problem. Areas like energy, food and health-care currently offer huge opportunities.”

Norwegian Christian Moen, founder and CEO of software

“IDENTIFY A  
PROBLEM THAT  
REALLY BOTHERS YOU  
IN JAPAN AND VIEW  
THIS AS A POTENTIAL  
BUSINESS  
OPPORTUNITY”

Jeffrey Char



technology company Atilika, was bothered by the fact that it is harder to search in Japanese text than Western languages, since there is no whitespace character separating words. He got together with a small team of software engineers and developed Kuromoji, an open source technology for Japanese-language processing, which is now one of the main products of the company, powering Japanese search solutions Lucene/Solr.

In Japan since 2005, Moen set up Atilika in 2009 when Fast Search & Transfer, a Norwegian search engine company for which he worked, was acquired by Microsoft for \$1.2 billion. Atilika provides products and solutions in the fields of online search, natural language processing and big data analytics in a range of languages, but Japanese is its speciality.

“We help customers build innovative search solutions based on their content and our freely available and highly capable search technology, for example, deploying a search engine that gives easy access to all contents stored on file servers and other internal systems, making items on your e-commerce site easier to find,” says Moen.

The majority of customers are large Japanese corporations related to news media, publishing, telecommunications and e-commerce. The company also serves similar businesses in the US and Europe.

Moen established the company without any external funding, even though there were parties interested in both investment and acquisition.

“We are focusing on continuing to develop our core technology and product portfolio in partnership with our key customers,” says Moen. “We see little value in taking external funding right now as we do not wish to accelerate growth in a significant way for the time being, but that might change at some point in the not too distant future.”

Suzanne Price, founder and CEO of Price Global, worked for 12 years as a psychiatric nurse and psychotherapist in her native UK, in Japan and Australia, before moving into organisational development. While based in the US, Price applied her skills to coaching, facilitating and training. She was hired by large multinational corporations to advise on

cross-cultural issues and on employee integration in Asia, the US and Europe. In 2003, while working on a part-time basis as head of diversity and inclusion (D&I) at UBS Japan, she set up Price Global, a consulting business with expertise in executive coaching, women’s leadership development and D&I training programmes.

“I had the opportunity to experience being an internal manager and an external consultant, and working on a global and on a local level,” says Price. This developed her ability to think outside the HR box. It also allowed her to gradually build up both her reputation and own pool of clients. She has worked with over 20 multinational corporations, and 95% of her clients are introduced by word of mouth or by referral, and most are within her established personal and business networks.

“Most Japanese companies do not have a head of D&I. What they want is exactly the same as what was on my wish list when I worked at UBS. There is a huge need for D&I coaching and training,” she says.

Dutchman Marc Wesseling came to Tokyo in 2002 to set up a branch office for a Dutch creative agency.

“The media and advertising industry is dominated by Dentsu, Japan’s largest ad agency. Nobody was waiting for a foreign creative agency like us unless we brought something different to the market,” recalls Wesseling, founder and director of UltraSuperNew. He also remembers recommending a focus on digital to his Dutch head office, only to be told that digital was only for nerds.

“I strongly believed that digital was the future, and I proposed to set up my own agency, focusing on digital and representing my previous employer, which was accepted,” says Wesseling.

With an Australian partner, he set up digital creative agency UltraSuperNew in 2007. At first the company worked mainly for European and Dutch clients, including Philips and KLM.

“After winning the Global Innovation Award for creating the first social network based on travellers for KLM, followed by winning the Red Bull Japan account in 2008, we were well-placed to compete with big-name creative agencies,” says Wesseling.



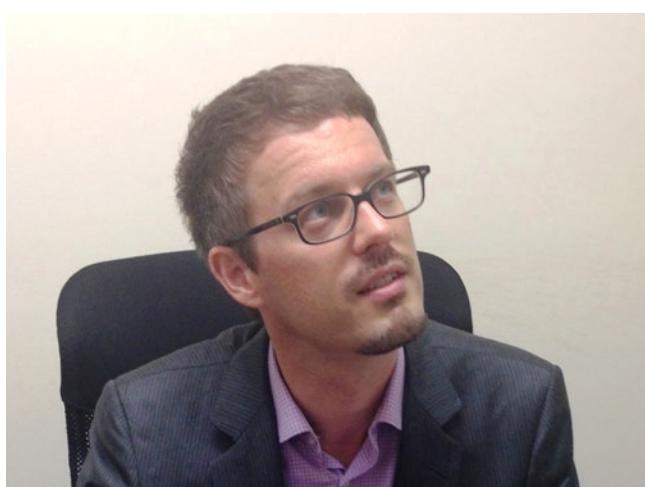
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Marc Wesseling



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Christian Moen

The company expanded from being a digital creative agency to a full-service agency. It is now the lead agency for Red Bull Japan, Heineken Japan and Electronic Arts.

UltraSuperNew produces communications that reach younger people in Japan, who do not watch TV or read print publications. They can only be reached online, on their smart phones, or at events or installations.

“There is also a young generation of Japanese clients who are open-minded and who don't expect us to be traditional. We need to live up to their expectations and surprise them,” Wesseling states.

Business ideas can appear in the most unusual places if one keeps one's eyes open. German Uwe Bast, in Japan since 1998, was on holiday in Germany when he noticed Urimat waterless urinals at a highway rest stop. Bast liked the fact that the Urimat, manufactured by a Swiss company of the same name, saves water, which relates to both sound ecology and cost savings. He investigated the market in Japan and learned that there were several manufacturers of waterless urinals, but that there were many problems related to their installation.


“Being an engineer, I tried to work out why the Urimat system worked well. Once I was convinced of the product's superior quality and performance, I contacted Urimat and proposed representing them in Japan. After some preliminary email conversations I met the Urimat management, and it was agreed to move ahead,” says Bast, president and representative director of Reme.

Previously, in 2008, Bast was director at SKW East Asia, involved in a new marketing service with commercial parasols (used at outdoor eateries and beach venues) – a business plan he had proposed as a team member in the Japan Market Expansion Competition. In 2009, Bast set up a new company, Reme, whose main lines of business are commercial parasols and Urimat.

“All successful entrepreneurs in the world have failed in something before they became famous. To learn entrepreneurship, you need to know what your weaknesses and your strengths are. You need to fail and learn from it,” argues venture capitalist William Saito.

Saito himself started a business in his dorm room at medical school in the US, went through several failures and eventually sold his company to Microsoft. He uses the proceeds from that deal to invest in Japan-based ventures. He has assessed over 10,000 business plans and invests in those with global implications.

Saito sees Japan's shrinking and ageing population as a significant entrepreneurial opportunity.

“Many assumptions, including economic and technological fundamentals, change with this transformation of human demographics. Find and apply innovative solutions to the many problems that this change in the macro-economic situation brings,” he advises. “Then take these solutions to Europe and the US in 10 years' time when similar issues arise there.” 



# No limits

*David C Hulme talks with **Robert Walters***

Robert Walters, founder and CEO of Robert Walters, the global specialist professional recruitment consultancy, explains the firm's successes and why future achievements in Japan may dwarf past accomplishments. David Swan, managing director of Robert Walters Japan and Korea, joined this wide-ranging interview.

Photos **BENJAMIN PARKS**

“IT ONLY NEEDS A  
**VERY SMALL  
 PERCENTAGE** OF  
 PEOPLE TO START  
 MOVING JOBS FOR  
 OUR BUSINESS TO  
 EXPAND THREE-, FOUR-  
 OR FIVE-FOLD”

**What is special about Robert Walters as a specialist recruitment firm?**

**Walters:** One thing is remuneration through team profit sharing rather than individual commissions.

We also tend to take a longer-term view. That is a matter of integrity in an industry that is not necessarily known for integrity.

We are professionals, we employ professionals, and we pay our people well – with the focus on the company and not the individual. This means we can create long-term careers for people both at a local level and internationally.

**How did you get into this business?**

**Walters:** After university, I joined Touche Ross, worked there for three

years and had a great time. Then I saw an ad in the paper by Michael Page for a part-qualified accountant. They offered me a position and I spent eight years there. Later, I set up the New York office for them. They were very good to me.

I decided to start my own business in 1985. I could see the big international opportunities, so our second office was in Brussels, the third in Amsterdam and the fourth in New York. The focus really was international.

The first office was a classic startup; serviced office, part-time secretary, a bank overdraft of half a million pounds and my house on the line.

**What are the factors behind the rapid expansion and growth of Robert Walters?**

**Walters:** Perhaps it is because we created a strong culture quite quickly. The timing was good. I think it was easier to set up a recruitment firm in those days, and perhaps I am the last person to have done this in any significant way. I was fortunate to have been with a very good recruiting firm beforehand. I was also lucky to have been at a good accounting firm.

Then it paid dividends when we took a slightly longer-term approach.

It scares me to death to think how fast we grew. From 1985 to 1989 we went from one person to 120, with four offices.

**You must have been doing something right?**

**Walters:** It's the culture. Accounting, IT and administration are not my personal strengths. I'm good at marketing, good at managing and good at motivating people. The thing people get wrong most often is that they try to be good at something they are not good at. If you overhire for skills that are not your core competence, it will cost a bit more, but you don't have to rehire all the time.

**What convinced you to open a Tokyo office?**

**Walters:** Now there's a story! A neighbour of mine in London was global head of operations for a major American investment bank. We were chatting about nothing in particular and he said, "It's a shame you are not in Tokyo, because we work together in other places and we plan to grow in Tokyo."

So I opened the office here in 2000, and now Japan is the most profitable market in the world for us.

**Had you not done it then, how much longer would it have taken for you to open a Tokyo office?**

**Walters:** Probably a long time, because Japan is a very unusual and embryonic market from a recruitment perspective, and Tokyo was not the most obvious destination. It could have been forgotten, eclipsed for us by the rise of China, for example. I am delighted that we did come here, and I love coming here these days.

When I first visited here I found it a strange place, so I asked a banker whether people transferred here would leave as soon as they could. On the contrary, he said, they tend to want to stay. He had come here for two years, and at the time he was in his 16th year.

**Why is the Tokyo office so successful?**

**Swan:** It is a combination of local and international staff. We have 21 nationalities among around 180 people. We put in a lot of effort to make sure we have people who are fluent in Japanese, understand the culture, and have a commitment to being in Japan.

**Walters:** We have a bit of first-mover advantage, being the first white-collar professional recruitment firm to have an impact in Tokyo, at a time when Japan was just beginning to move away from the closed, lifetime employment

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David Swan



Robert Walters

system. Now the big demand here is for bilingual local nationals. This is a huge market, and so far we have just scratched the surface.

#### **What is the supply and demand situation for the type of candidate that you deal with here?**

**Swan:** This is an extremely candidate-short market, across all industrial, commercial and financial sectors. Most of our clients are screaming for bilingual candidates across an enormous range of skill sets. The education system does not produce enough of those skills. Then we have a shrinking workforce, women leaving the workforce in their early thirties to have families and not returning, and a serious lack of professional skills like CPAs, for example. These factors contribute to a candidate shortage that you can't address here in the same way as you can elsewhere because you need the bilingual language skills.

#### **What has changed for your business here over the past decade or so?**

**Swan:** The market has matured. When we arrived there were not many global professional international firms here. Also, it was not normal to change positions mid-career.

In 2000, people would agree to meet me just to practice their English. Even when I explained what I was doing, they didn't get it. Leaving their company for another was an alien idea.

That has really changed. Now, they know what a recruiter does. They may have been contacted by several

recruiters. They understand that they, and not their company, have primary responsibility for their careers.

Our industry now is more competitive, with new entrants. There are services that were not here 10 years ago. There is a lot more in-house recruitment than there was.

#### **What do you expect of the immediate future?**

**Walters:** We are on the cusp of something very big. In our industry, there are two emerging markets in the world. One is Japan and the other is Germany. Both are changing. In Japan people did not move jobs at all. It was like a static beehive. It only needs a very small percentage of people to start moving jobs for our business to expand three-, four- or five-fold. There are absolutely no limits. It is the world's third-largest economy, and there has been minimal recruitment, effectively, for decades. We have 53 offices in 24 countries, but Japan tops my list as the biggest success story in incubation. We have a dominant market position. We have to make sure we capitalise on it.

There is plenty of room for competition. In fact, competition helps, because we are selling a concept that has been unfamiliar. The more people there are helping us to sell that concept, the more the market will grow.

#### **How does your strategy here differ from that in other markets?**

**Walters:** We are more focused on headhunting here. We also have a manga app that helps people

understand the process of a job interview. In other markets that could be considered patronising, but here it is very helpful.

#### **How do you keep your offices around the world in sync with each other?**

**Walters:** We have a global platform for front office and back office. We have a full complement of HR directors, and legal and accounting personnel. That gives us positive operational gearing. With the economic recovery, we can add sales people. Personally, I am optimistic that we could be at an operational sweet spot.

#### **Are you confident about this economic recovery?**

**Walters:** Yes, but the world has changed. We used to be able to predict which country would emerge first from a downturn and which would come next.

I can no longer say that. However, the United States is sound, the UK economy is recovering, the Eurozone will be okay, China will be fine, Australia will be okay and Japan will be good. Add in Latin American growth, then you have sub-Saharan Africa growth; and overall it looks positive compared with the past five years.

It's all about confidence. In our business that means feeling secure enough to move jobs. There are so many people around the world who are not happy with their jobs and have not moved for four years. Also, there are companies that have done no hiring for years. As soon as some start, others will have to do the same. ☺



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# Seminar Invitation to Foreign Individuals: Reporting for Overseas Assets Seminar in Tokyo

Tuesday, 19 November 2013 and Thursday, 28 November 2013

Organized by: Grant Thornton Taiyo ASG Tax Corporation (Japanese Member of Grant Thornton International Ltd.)

Both seminars have the same content. From 2014 onwards, permanent residents of Japan who hold overseas assets worth over JPY50 million as of 31 December of the previous year will be required to disclose those assets to the Tax Office. The first reporting due date is 17 March 2014. The Reporting for Overseas Assets Seminar provides information on this new annual reporting requirement. The focus of the seminar will be on what information should be collected for completing the reporting requirement and how the new reporting requirement affects foreign individuals residing in Japan. This seminar also covers filing amended income tax returns for previous years, claims for correction and tax inspections.

For permanent residents who hold overseas assets with a fair value of more than JPY50 million as of 31 December, this seminar is not to be missed.

	<b>Date:</b> Tuesday, 19 November 2013	<b>Thursday, 28 November 2013</b>
<b>Time:</b>	Doors Open: 14:30 Seminar: 15:00 - 16:30 Q&A: 16:30 - 17:00	Doors Open: 18:00 Seminar: 18:30 - 20:00 Q&A: 20:00 - 20:30
<b>Venue:</b>	Grant Thornton Taiyo ASG Tax Corp. Aoyama Bldg. 9F (Seminar Room) 1-2-3 Kitaaooyama, Minato-ku, Tokyo	Aoyama Twin (New Aoyama Bldg.) West Bldg. 2F Conference Room (貸会議室) 1-1-1 Minamiaoyama, Minato-ku, Tokyo
<b>Cost:</b>	Free	

**Intended Attendees:** Foreign individuals with overseas assets

\* Please note that this represents gross assets and is not offset by debts. Assets include anything with economic value, e.g., art, antiques, jewellery, vested equity awards, cash-surrender value of insurance, etc.

**Registration:** Online registration: [www.gtjapan.jp/english/seminars.html](http://www.gtjapan.jp/english/seminars.html)

\* Space is limited so we encourage you to register promptly.

\* An email will be sent to confirm your reservation.

**Access:**

<11/19>

**Aoyama Bldg. 9F (Seminar Room)**

\*Direct Access via exit 0 of Aoyama 1-chome Station on the Tokyo Metro Ginza, Hanzomon and Toei Oedo lines.

<11/28>

**Aoyama Twin (New Aoyama Bldg.) West Bldg. 2F Conference Room**

\*Go towards exit 4 or 5 of Aoyama 1-chome Station on the Tokyo Metro Ginza, Hanzomon and Toei Oedo lines. Take the West Bldg. Elevator to 2F. The Conference Room is located next to the SENNHEISER showroom.

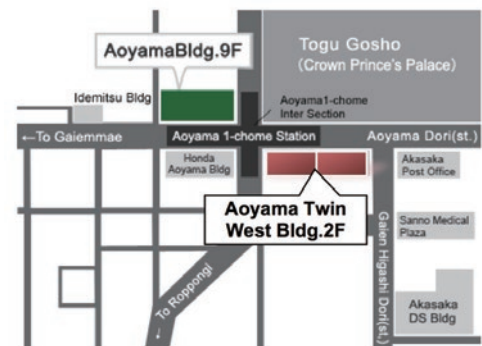
**Program:**

- 30 min. Doors open / Registration
- 90 min. **Reporting requirements for overseas assets**
  - \* Reporting requirements and Penalties
  - \* Income tax return & claims for correction
  - \* Tax inspections
- 30 min. Q&A

\*Please note that this workshop will be conducted in English.

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# Flexicurity

## Japan's labour laws must catch up

When we discuss labour issues in Europe, it is often about job security, equal pay, the inclusiveness of social security, vocational training and career development opportunities for all members of the workforce. However, in Japan, the main argument concerning the labour market is about employment being regular (full-time) or non-regular (temporary).

Shortly after my arrival in Japan, I discovered the term *kaisha-in* when filling out a survey form at the local municipal office. In response to the question, "What is your occupation?", I ticked the "kaisha-in" box. The direct translation of *kaisha-in* is "company member", indicating that the person is a "regular employee" of a certain company. The other check boxes were for "part-time workers" and "temporary agency workers" (*haken shain*). This simple form illustrated for me the social stigma attached to flexible labour in Japan. While a *kaisha-in* is considered part of a company, "non-regular" employees such as part-time and temporary workers have been marginalised.

Many social and legal institutions favour *kaisha-in* status. For instance, to obtain a housing lease contract, the non-regular worker is subject to far stricter guarantee requirements than is a regular worker. Some non-regular workers are reluctant to marry because of low income and career instability. Even in the work place, companies have less responsibility for the health insurance, social welfare insurance and job security of their non-regular workers. Many companies give career training only to regular employees, even though their assignments and responsibilities are the same, on a day-to-day basis, as those of non-regular workers.

These inequalities exist because the employment systems in this country were built around lifetime employment

– the assumption that an employee works for a company as a regular employee until retirement. Although lifetime employment is history, the mind-set of the Japanese population remains unchanged from two decades ago, because of the continuing social and legal disadvantages of non-regular employment. The check box on the municipality form is the obvious example. Therefore, I am not surprised that people in Japan place a higher priority on finding "regular" work, and becoming any kind of *kaisha-in*, than on what type of career they wish to build.

Now, however, the peripheral categories have become a crucial part of the labour force in this country. Over the past two decades, the percentage of non-regular employees among the total has increased by 15 points, to more than 36%, according to the Labour Force Survey published recently by the Statistics Bureau of Japan. The majority of workers in such industries as hotels and restaurants are non-regulars. Their tasks and responsibilities are the same as those of regular workers. At ground level, the boundary between regular and non-regular is more and more blurred.

Without doubt, there are fears among regular workers that they may be replaced by non-regulars. Like it or not, the trend will continue as the administration of Prime Minister Shinzo Abe remains committed to reforming the Japanese employment system. Flexibility will be promoted in order to accelerate the nation's global competitiveness, bringing in more diversity of talent, such as working mothers. This means the end of the era of lifetime employment.

Moving with the trend, our clients are specifying increasingly high skill levels for candidates to fill temporary positions. More and more jobs require certain skill sets, experience and knowledge – regardless of whether the position is regular

“MANY SOCIAL AND LEGAL INSTITUTIONS FAVOUR KAISHA-IN STATUS”

or non-regular. Part-time and temporary workers no longer fill only the marginal roles, and many are taking strategic roles in contributing to the competitiveness of their employers. There will come a time, soon, when Japanese companies fully realise that it is wise to maximise the skills and experience of non-*kaisha-in* to drive their businesses to the next level.

What is of serious concern is the fact that Japanese employment laws and regulations are not keeping pace with societal shifts. There are several discussions going on at government level about how to increase the flexible component of the labour force, but little consideration is given to improving social security, health insurance and career training for non-regulars. Most Japanese are still trapped in the assumption of privilege for regular workers, because there has been no change in the reality of lower status for flexible labour.

Taking the example of past labour reform in Europe, the concept of "flexicurity" – which equally promotes corporate competitiveness and the security of the workers who contribute – will be a key to success for the Abe administration. It is vital to balance a competitive and flexible labour market with job security and healthy working environments. ☺

### TACO DE VRIES

is vice-president of  
Randstad K.K.

ランスタッド  
randstad



# Third EU Asia Top Economist Round Table

Tsuda Hall, Tsuda College, Tokyo, 27 September, 2013

Text **JENNIFER ZYLINSKI-SPARGO**

Photo used with the kind permission of Asia Matters

**D**iplomats and business leaders, as well as economists, gathered for the Asia Matters Third EU Asia Top Economist Round Table, addressing the theme, “The New Japanese Economic Environment, Implications for EU Asia Trade”. Their goal was to examine the challenges and opportunities facing Japan under Abenomics, the progress of the pending EU-Japan Economic Partnership Agreement (EPA), and the role of Japan in EU-Asia trade relations.

Asia Matters is a not-for-profit educational think tank based in Dublin, focused on the EU-Asia business relationship. Its chairman is Alan Dukes, former Irish Minister for Finance. The 27 September event was the first to be held in Asia, following two in Dublin.

Asia Matters executive director Martin Murray welcomed the assembly by noting a “growing awareness in Europe that Abenomics is working, and that the 2020 Olympics will boost the economy”.

In her introductory remarks, the president of Tsuda College, Mari Kunieda, expressed the hope that the conference would bring encouragement to women in Asia.

“There are countries in Asia where women are deprived of educational opportunities,” she said.

Hans Dietmar Schweisgut, EU Ambassador to Japan, said that the EU had survived a financial crisis of historic dimensions.

“The architecture for the Eurozone is now much stronger,” he said, pointing to recent encouraging signs for the EU economy.

“Trade liberalisation is a major structural reform and a catalyst for new economic activity,” he added, referring to EU-Japan free trade agreement (FTA) talks. “The EU-Japan trade relationship could be much stronger. A comprehensive FTA will enhance trade everywhere.”

Lutz Görgens, head of the Embassy of the Federal Republic of Germany in Japan’s economy and technology department, noted how fitting it was to hold such a gathering at Tsuda College, since it is so crucial to Japan’s future to get more women into the labour force. He called for Japan to continue setting the example of a competitive spirit.

“We want Japan as an ever more competitive partner and stimulus for our own competitiveness,” he said.

One of the thorniest issues facing EU-Japan EPA negotiators is agriculture. Koichi Hasegawa, deputy director general of the European affairs bureau at Japan’s Ministry of Foreign Affairs, noted that parts of the agricultural sector are trying to develop more export-oriented strategies.

“We are hoping for a change in atmosphere,” he said.

John Neary, ambassador of Ireland to Japan, was also optimistic regarding agriculture, since the “ruling Liberal Democratic Party has a strong mandate and is no longer a rural party”.

“Japan in 2050,” the economic outlook, was presented by a panel consisting of Kazumasa Iwata, president of the Japan Center for Economic Research; Richard Koo, chief economist at Nomura Research Institute; Kyohei Morita, chief economist at Barclays Securities Japan; and Masahiro Kawai, dean of the Asian Development Bank Institute.



**Lutz Görgens**

The third and final session covered the topic of “Japan’s Growth Strategy and Role as a Bridge between the EU and Asia”.

Danny Risberg, president and CEO of Philips Electronics Japan and vice-chairman of the EBC, addressed the challenges and opportunities implied by the ageing of Japan’s population.

“There has to be a major shift in the focus of healthcare, from treating illness to promoting health and well-being,” he said. The lessons learned in Japan will soon be of value everywhere, he added, especially in Asia, where China and South Korea are positioned to experience even more rapid ageing than Japan.

Michel Theoval, country director of GHT Japan and senior vice-chairman of the EBC, said Japan and Europe will work together to achieve further opening and deregulation by the Association of Southeast Asian Nations and, eventually, other neighbouring markets.

“These are great opportunities for both Japan and Europe. An early conclusion of a Japan-EU economic partnership agreement is the most essential step to this end,” he said. 



# The water challenge

## *DHI helps Japan manage a key resource*

Text **STEVE MCCLURE**

The fishermen whose livelihoods depend on catches from Hokkaido's tidal Lake Saroma were alarmed, just over a decade ago, by declining stocks of fish and other marine life. They knew pollution was the root cause, so they asked local politicians and academics to help them find solutions.

It was determined that special know-how was needed to repair the lake's complex ecology. That's when Denmark-based consulting and research organisation DHI entered the picture.

"We developed various scenarios with our modelling software," says Francois Salesse, who heads the DHI Japan office, established in 1996. "And they were able to rehabilitate the lake."

Salesse says an island nation like Japan faces many challenges involving water-resource management. Topping the list is flooding brought on by the severe storms that regularly buffet the archipelago and, most recently, Japan's increasingly frequent – and unpredictable – "guerrilla" rainstorms. DHI's Japan office helps Japanese companies, government organisations and academic institutions better understand and handle these problems.

"We deal with anything involving water. Floods, groundwater, rivers, sewage – we cover all these fields," says Salesse. "As soon as rain falls on the ground, we cover it."

Modelling water-related scenarios is a complicated business, Salesse stresses. "Getting all the information can take weeks." He notes that DHI is a self-owned, totally independent, not-for-profit organisation. "It's like a foundation," Salesse says. "All the profits are reinvested in research."

Much of DHI's work in Japan involves either advising domestic consultants working on water resource-related projects or selling off-the-shelf and customised software solutions. DHI generally works behind the scenes with Japanese clients who are the "public face" of a given project.

Seminars held regularly by DHI offices in 30 countries worldwide help familiarise potential users of its best-known software package, MIKE, and other proprietary water-management software. The more than 10,000 users of DHI software are located in more than 120 countries.

Consulting services, environmental labs, physical model test

facilities, field surveys and monitoring programmes round out the DHI portfolio.

There is a key void being filled by DHI here. Salesse says that while Japan is strong when it comes to basic hydrodynamics, such as wave analysis and mechanics using physical models, the ability to analyse the overall environmental impact of water-related scenarios is lacking.

"People have the knowledge, but not necessarily the tools," he says, noting that water-resource management in Japan relied on very costly and time-consuming physical models up until 10 to 15 years ago.

About 70% of DHI Japan's work is with domestic consulting companies, while academic institutions comprise 20%. Consulting services for government organisations and research institutes make up the remainder. Flood-related issues account for about half of its work in Japan. Salesse says DHI's job is to help local consulting companies – not compete with them.


"We are trying to bring some added value," he says. "We help them work with our software models."

There are Japanese-language versions of some DHI software, but the more advanced packages are only in English. Salesse says that is not a problem for most Japanese scientists and engineers.

A native of France who came to Japan in the early 1990s to work as an IT engineer, he decries the low level of awareness regarding climate change in Japan. Yet, in the wake of the Fukushima nuclear disaster, Salesse sees that's changing with the increased focus on green energy.

The Danish government provided aid to many in the horrifically damaged area of north-western Japan, including Higashimatsushima in Miyagi prefecture, where the tsunami destroyed more than 60% of the city.

DHI played a role in developing a model showing what happened to Higashimatsushima when the tsunami struck, and how to implement countermeasures to avoid such widespread damage in the future.

The effort reflects DHI's passion to help communities all over the world better manage water resources, says Salesse. "We're on a quest to solve the world's toughest environmental challenge: water." 

# France

*The first treaty between France and Japan opened diplomatic relations in 1858; Japan sent a delegation to the 1867 World Fair in Paris. France introduced into Japan a gas-lighting system (1870); first modern Japanese silk spinning factory (1872); modern legal system (1873); first tramways (1882); first automobile (1898); and first mechanical flight (1909). The two countries have strong ties related to the arts and cooking; and collaborate closely in the area of nuclear energy generation and building the next-generation supersonic commercial aircraft.*

**Major cities:** Paris, Lyon, Marseille, Toulouse, Lille, Bordeaux, Nice, Nantes, and Strasbourg

**Population:** 65,951,611 (July 2013 est.). Urban population: 85% (2010). 38.9% 25-54 years.

**Area:** 643,801 sq. km. Coastline: 4,853km.

**Climate:** Generally cool winters and mild summers, but mild winters and hot summers along the Mediterranean. Occasional strong, cold, dry, north-to-northwesterly wind.



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# Bernard Delmas

President, Chambre de Commerce et d'Industrie Française du Japon

[www.ccifj.or.jp](http://www.ccifj.or.jp)

Text **DAVID C HULME**

The first half of 2013 was extremely intense for the French Chamber of Commerce and Industry in Japan (CCIFJ), says chamber president Bernard Delmas, as the organisation prepared for a state visit to Japan in June by French President François Hollande.

"Also, during that preparation period, several of the Cabinet ministers came to Japan one by one," says Delmas, who is president and CEO of Nihon Michelin Tire and is in his fourth year at the helm of the CCIFJ.

Hollande's visit gave the CCIFJ an opportunity to iterate the importance of success in EU-Japan free trade agreement (FTA) talks.

"The most important thing that has happened this year is the beginning of EU-Japan FTA talks, along with the TPP talks," says Delmas, referring to on-going Trans-Pacific Partnership negotiations.

"The CCIFJ and its members totally support the EBC in its efforts to support the [EU-Japan] talks. There is an enormous amount of work to be done on the details in each sector," he adds. "It will be a long process, but the benefits will be obtained bit by bit, sector by sector, along the way. We need to be prepared for a sustained effort over an extended period of time."

A seminar during Hollande's visit focussed on partnering between French and Japanese corporations.

"The cooperation is not just in Japan or France, but especially in third markets," says Delmas. "The message was about how important it is to foster those relationships. Our shared values make it easier."

Partnerships, he adds, will be a key element in the future of France and Japan, as part of a "multi-year roadmap in the state, business, cultural and political domains" that resulted from the state visit. Increasing exchanges of students and other people will be a key part of the programme.

"If people exchange, there will be better partnerships," says Delmas.

Hollande's state visit was just the third to Japan by a French president.

"It was really a milestone," says Delmas. "It was not about a big project or trade deal. It was about a serious long-term partnership."

Now, more than ever, the CCIFJ wants to emphasise that Tokyo is not all there is to Japan. In recent years, its Symposium CCIFJ – bringing together regional officials, Japanese companies doing business in France, and French companies with operations in Japan – has been held in Kobe, Yokohama and Osaka.

"This year, in May, the symposium was in Nagoya," Delmas adds. "It was a big and successful event, with about 150 people attending. The regions are very welcoming."

The chamber now has one full-time representative in the Kansai region, has stepped up assistance to members in



CCIFJ president Bernard Delmas proposes a toast at the Kansai CCIFJ Gala, with French ambassador to Japan Christian Masset and Hyogo prefecture governor Toshizo Ido

various regions and actively promotes the regions. The inaugural Kansai CCIFJ Gala was held in Kobe in June, and more gala events are planned for the Kansai area in 2014.

"This was just a start. We will have more events in the regions," says Delmas, noting a 7 October seminar in Sendai on reconstruction of the Tohoku region. "This is with the support of JETRO [Japan External Trade Organisation] and local authorities. We will try to evaluate on-going needs. A lot of things remain to be done and we want to contribute."

With the desire for better relationships with the regions, the expanding number of events outside Tokyo is a key direction for the CCIFJ, he concludes.

A highlight in Japan's capital was the second annual French Business Awards ceremony at the Grand Hyatt Tokyo on the first day of February.

Delmas proudly ticks off the winners. Company of the Year was Belgian chocolatier Godiva.

"They completely understood the market and could demonstrate amazing market penetration," says Delmas.

The jury's special award went to the fast-growing Japanese subsidiary of automotive parts maker Faurecia. Recognition as the best small to medium-sized enterprise went to food ingredients supplier Nexira. Interactive solutions provider LM3LABS won in the innovation category, and the environmental contribution award went to Danone Japan for its carbon footprint reduction programme.

"The awards ceremony was a great success, and we will do it again next year," says Delmas. "We are trying to encourage small and medium-sized companies."

The chamber president is cautiously optimistic about the effects of Abenomics.

"Japan suddenly has new economic momentum. Overall, I am positive. Japan now is more attractive than it was a year ago," he says. "There is a willingness to change. But the energy problem is yet to be resolved. Japan is not out of the woods yet."

CCIFJ membership is stable, with a steady increase in Japanese companies. Delmas adds that giant food services and facility management company Sodexo recently rejoined after a period of absence from Japan.

# Best of both worlds

## *Japanese culture takes on the world*

Text **DAVID UMEDA**

Japan's Ministry of Economy, Trade and Industry (METI) has announced plans to build a new society by harnessing the combined clout of the nation's industries, economy and culture. By tapping the forces of creativity, the Creative Tokyo project is designed to invigorate Japan, enhance the country's international image, and firmly establish the capital city as a creative hub in Asia.

"Japan has a very rich cultural heritage with the potential to develop global luxury brands, as France and Italy have done," says an expert who speaks for more than 60 brands representing Japanese craftsmen, designers and food producers. "Japanese design has a good reputation, and it garners increasing acknowledgement for the high quality of craftsmanship."

S.T. Dupont, which celebrated its 140th anniversary last year, is a French luxury house that specialises in designing and manufacturing unique hand-crafted lighters, writing instruments and leather goods.

"One of the reasons S.T. Dupont has come so far is because we have always succeeded in reinventing ourselves by drawing inspiration from

our heritage to propose collections that are in line with the times and the needs of our customers," explains Yoshikazu Yann Gahier, president and representative director of S.T. Dupont Japan.

Gahier points to three projects over the past three years that responded naturally to the METI invitation, and he credits S.T. Dupont's "will to get closer to each country and culture that we evolve in."

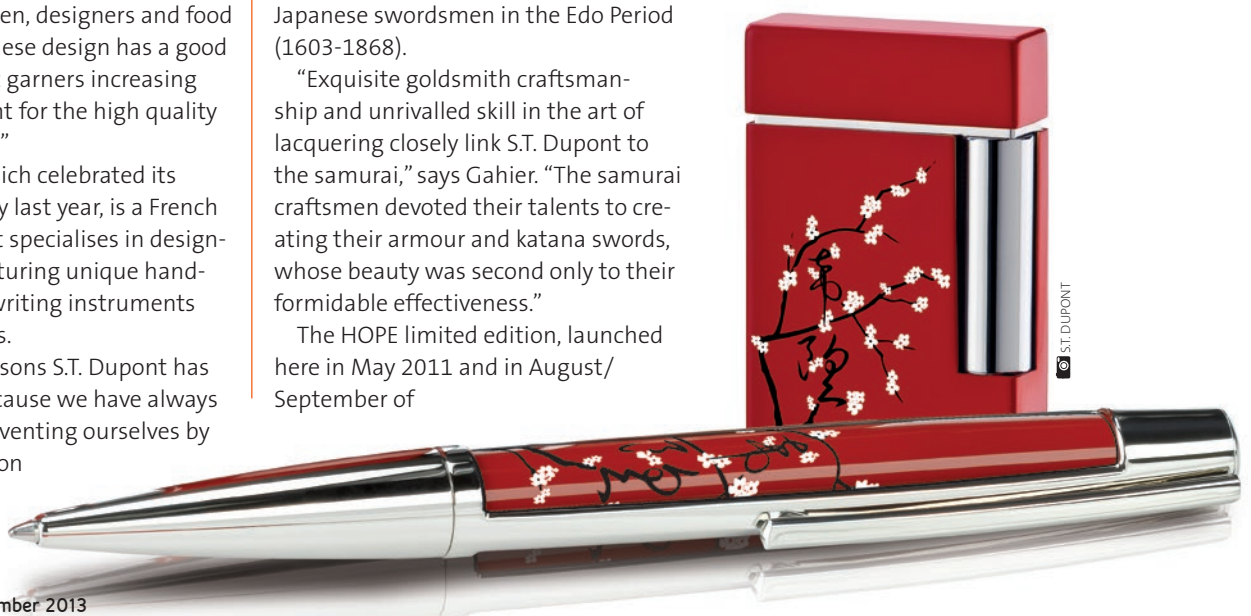
The Samurai Limited Edition of fountain pens takes its inspiration from the splendour and sophistication of Japanese swordsmen in the Edo Period (1603-1868).

"Exquisite goldsmith craftsmanship and unrivalled skill in the art of lacquering closely link S.T. Dupont to the samurai," says Gahier. "The samurai craftsmen devoted their talents to creating their armour and katana swords, whose beauty was second only to their formidable effectiveness."

The HOPE limited edition, launched here in May 2011 and in August/September of

the same year elsewhere, is based on the Défi pen and Line 8 lighter. "Both are made in bright red lacquer, a true symbol of love and life," says Gahier, "on which blossoms a sakura, cherry tree, symbolising renewal in Japan." All profits were donated to the Japanese Red Cross Society "as a token of our deepest support for Japan" following the triple disaster on March 11, 2011, he adds.

Gahier had his CEO on the phone from France almost the day after the disaster to discuss how, as a company, they could help Japan to recover. "We







“JAPAN HAS A VERY RICH CULTURAL HERITAGE WITH THE **POTENTIAL TO DEVELOP** GLOBAL LUXURY BRANDS”

Left: HOPE limited edition, all proceeds to Japanese Red Cross Society: pen, lighter. Above: Nousaku tin-and-brass interior decorative objects

came up with the idea to do what we do best – which is creating products that last forever instead of just sending money,” he explains. “I must say we are very proud of this collection, which was very well received everywhere around the world.”

In commemoration of its 140th anniversary, S.T. Dupont created the Sleeping Mermaid in collaboration with world-renowned manga artist and author Eiichiro Oda. The collection consists of three pen lines – prime, premium and prestige – and each product is housed in a box also designed by Oda.

S.T. Dupont is present in more than 80 countries worldwide. “We have always honoured our responsibility as ‘Ambassador to the World’ by our cross-cultural initiatives, partnerships and exceptional creations,” says Gahier, who is a supporter of the Cool Japan initiative.

“Its main objective is to educate the world about a funnier, more dynamic and accessible image of Japan and its culture,” he comments. “One of the main purposes of Cool Japan is to spread the very rich manga culture internationally.”


According to the craft expert, one of the key success factors of Cool Japan is to attract customers beyond the fans of Japanese culture – to access a broader market.

“Yet, consumers buy Japanese products because they find them beautiful and of high quality,” he adds. “The term, ‘Cool Japan’, therefore, might be pointing potential buyers in the wrong direction.” He says it is a good idea for Japanese craft businesses to work together with global luxury brands to position Japanese crafts differently to Cool Japan.

“But, in the end, Japan must develop

its own brands, which might even compete with some of the global brands,” he says.

One example of such a transformation is the Nousaku metal casting company of Takaoka city in Toyama prefecture. Nousaku is a local casting company that mainly works as a subcontractor. Collaborating with Japanese and foreign designers alike, they have developed a new range of tin and brass products – winning international recognition as a producer of interior decorative objects. Some of their products are even displayed in the Metropolitan Museum of Modern Art in New York city.

Japan has many more such small champions that need to be nurtured systematically, in the hope that a few will blossom and develop into brands that are well known around the world. 

# Subtle blends

Pernod Ricard Japan

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



ad Pernod and Ricard remained solely purveyors of anise-flavoured liqueurs after they merged in 1975, they would no doubt have continued to dominate the French market for those most distinctively Gallic of tipples. However, the owners of the new company, an alliance of old rivals, had far bigger plans, and would embark on a strategy of international expansion that would eventually make the Pernod Ricard Group a world leader in wine and spirits.

The late 1980s saw the takeover of Irish Distilleries, including its storied Jameson whiskey brand, quickly followed by the acquisition of Orlando Wines, the Australian producer of Jacob's Creek. Since the turn of the millennium, Pernod Ricard has been involved in what Pernod Ricard Japan president Jean-Etienne Gourgues, calls "three big bangs" of major takeovers. These were the purchase of a large portion of Seagram's wines and spirits business, the takeover of Allied Domecq and the acquisition of Vin&Sprit from the Swedish government.

While some of the acquired brands have since been disposed of, this decade of expansion saw turnover increase tenfold, to around €8.5 billion, and employee numbers grow to 19,000, with direct distribution in 80 countries.

The group's portfolio now includes such global brands as Chivas Regal and The Glenlivet scotch, Absolut Vodka, G.H.Mumm and Perrier-Jouët champagnes, Martell Cognac and Havana Club rum.

"The history in Japan started in 1991 – in a hotel room, as many foreign ventures have – but without any local partner, which is not the traditional way," says Gourgues. Pernod Ricard Japan now consists of around 150 staff, with six regional sales offices across the country.

As the group acquired brands, they came to be distributed by Pernod Ricard Japan, sometimes after a delay due to

long-term commitments with local partners. Martell Cognac, for example, will finally be distributed directly in 2014, 13 years after it was taken over.

Chivas Regal is one of the major brands for the company locally, and is particularly popular among men. Champagne is also a significant part of its portfolio in Japan, and appeals more to females.

According to Gourgues, Pernod Ricard headquarters grants country heads a lot of freedom in terms of strategy, even as far as creating market-specific products.

"At Pernod Ricard, we try to preserve what we call decentralisation, which is quite unusual for a large international group, to allow a more proactive role for every single market," he says.

Indeed, Pernod Ricard has launched two new drinks this year created specifically for Japan: Jacob's Creek Wah wine and Chivas Regal Mizunara Special Edition whisky.

"The idea for Wah came about with a kind of silly conversation about 'if you wanted to pair with sushi, how many different kinds of wine would you need?' We wondered if it was possible to create one wine which fits all. So we proposed this crazy idea to [Mamoru] Sugiyama-san, a chef from Ginza Sushiko Honten," explains Gourgues.

The fourth-generation sushi chef visited the Jacob's Creek winery in Australia's Barossa Valley in summer 2012 and spent a few days working with the winemakers on perfecting the optimal blend of grapes that would match a range of fish dishes.

"You need something quite fresh, something full-bodied to go together with soy sauce and wasabi, but also aromatic; it's difficult to get all of these together, but he managed to create a wine that is really at the service of Japanese food," he adds.

Wah has exceeded its sales targets in Japan, and was launched recently in Sweden, where there is also a culinary culture of raw fish.

Chivas Regal Mizunara, meanwhile, was launched on 1 October as a Japan-only special.

"The master blender at Chivas Regal

has been coming to Japan for 15 years, and decided he wanted to create something that is true to Chivas as a whisky, but at the same time a little more suited to the Japanese palate: a little rounder, a bit smoother and a little more spicy," says Gourgues.

“YOU DON'T  
ACTUALLY NEED ANY OF  
OUR PRODUCTS; BUT  
THEY HELP MAKE A  
MOMENT A BIT MORE  
SPECIAL”

Jean-Etienne Gourgues

Before WWII, Japanese whisky makers imported casks from the United States and Europe. However, post-war, they needed to use locally made casks, and began to work with the mizunara (Mongolian oak), a very hard wood that absorbs a lot of water. The trees take centuries to grow, are harvested mainly in Hokkaido, and their timber is notoriously tough to work with. This new blend of malt and grain whisky is married in mizunara oak in Scotland.

"In the same way that Japanese have made whisky using recipes from Scotland, there's no reason why Scotch whisky can't use some skill set from Japan to create something," says Gourgues.

With the overall Japanese drinks market set to shrink along with the population, the challenge for Pernod Ricard is to find growth within the confines of that reality, according to Gourgues.

"You can live with just love and water, so you don't actually need any of our products; but they help make a moment a bit more special," says Gourgues. "That is our purpose – to try to craft good wine and spirits that enrich relationships between people. At the end of the day, that is their role: to promote bonding between people."

# Railways //

## *First, harmonise Japan*

Text **GEOFF BOTTING**

Last year, East Japan Railway (JR-East) started to look for an innovative communications-based train control (CBTC) signalling system for one of its railway lines. JR-East has since shortlisted two European companies to supply the CBTC: Alstom and Thales.

Those familiar with Japan's railways market took sharp notice of the decision of JR-East (which covers Tokyo, Kawasaki, Yokohama, Chiba, Saitama, and the Tohoku region), seeing it as a potential ground-breaker. Japan's huge railways industry has long lacked a tendering system, and foreign participation is miniscule, basically limited to several small niche players.

"The EBC believes this is a major step in the right direction and commends JR East for its initiative," states the 2012 EBC white paper.

Two major stumbling blocks for foreign railway equipment suppliers in Japan, according to the committee, involve certification and approval of their products, and the huge amount of control wielded over the industry by large railway operators.

In a refrain heard around various other industries in Japan, foreign

### **Railways** Key advocacy issues

- **Introduction of an open, integrated railway system** – Manufacturers should have the chance to develop and provide solutions, rather than be forced to rely on technical specifications issued by the railway operators, which dominate the industry.
- **Harmonisation** – Test data from internationally recognised organisations in Europe should be accepted by the Japanese industry without requiring additional testing.
- **Investment in railways** – The government should invest further in its railway system, including cargo, as a way of preserving the environment.

suppliers complain about having to duplicate testing of their products for Japanese authorities. The resulting delays and higher costs damage competitiveness.

Two of the seven JR Group companies in particular – JR-East and Central Japan Railway (JR Tokai) – have such clout that they are able to dictate technical standards to their suppliers, including equipment manufacturers. The

committee calls this a "closed system" since the specifications are not clearly disclosed.

The EBC recommends that Japan's railway industry adopt open standards, which would spur more competition throughout the industry, as well as greater innovation among manufacturers. No one on the committee, however, believes that solving these two intertwined issues will be quick and easy.

Referring to the certification issue, committee chairman Shigetoshi Kawahara says: "We've talked in the past, but it has never reached any clear point."

The committee perseveres, presenting proposals directly to railway officials. On 13 September at Europa House, the committee organised a second round of business talks between its members and nearly 30 officials of JR-East, West Japan Railway (JR-West) and Tokyo Metro (subway system). One aim was to introduce the Europeans and their products to Japanese operators. Another goal was to look for common ground in working towards mutual recognition of standards.

However, JR-East officials had different ideas when that objective was tabled, stressing that the JR Group members' separate management

policies would make even limited harmonisation impossible. Kawahara, who is head of Goldschmidt-Thermit Japan, views the response as based on a misunderstanding of the committee's position, which merely calls for a greater degree of mutual recognition among the big operators.

"I can understand that each JR Group company and Tokyo Metro have their own management policies, but if they want to advance outside Japan, then the JR Group will need to come together beforehand. That would save time and cut costs."

Another EBC committee member, Roberto Lorenzoni, says the Japanese side seemed to fear the prospect of "ending up with a piece of paper that would force them to accept everything". Rather, the committee's recommended approach is to begin by finding common ground among Japan's main railway operators.

"More than harmonisation between Japan and the world, we're interested in harmonisation within Japan," says Thomas Wittek, managing director of Hoffmann Carbon Japan. "As it stands, if you have approval from Company A or Company B, it still doesn't mean another company will approve your product easily."

Lorenzoni of TÜV Rheinland Japan says: "Each operator would make the final decision on whether to approve a certain product, but at least they would have other operators' certification to help them make that decision."

Japanese regulators are starting to recognise the benefits of certification. In line with this new awareness, the Ministry of Land, Infrastructure and Transport last year established the Railway Certification Center, part of the National Traffic Safety and Environment Laboratory.


"But the problem is that it's for out-bound products," Lorenzoni explains. In other words, certification is seen as good so long as it helps Japanese industry to export its hardware. The level of enthusiasm for certification to promote imported products, on the other hand, seems negligible.

The Japanese government has marked the rail industry – which has long been content with its home market – to become a major exporter, largely because the domestic market is suffering from slowed growth stemming from the nation's shrinking population. For the committee, those efforts to promote exports may provide some impetus for the kind of harmonisation it is seeking.

“IF THEY WANT TO ADVANCE OUTSIDE JAPAN, THEN THE JR GROUP WILL NEED TO COME TOGETHER BEFOREHAND”

**Shigetoshi Kawahara**

"Until now, the only market for the Japanese railway industry was local, basically with only a few customers dictating safety requirements. But now they want to export, so they have to fulfil requirements of overseas customers. Therefore, there is strong interest by the industry to harmonise local requirements with overseas standards," says Lorenzoni.

"The Japanese railway industry and the Japanese government have reached a crossroad where decisions have to be made to enable the Japanese railway industry to become an international player. However, both must understand that you can't protect your own market and, at the same time, have global access," he adds. 

# Global Carrier

## *Exceeding expectations*

For three years' running, the 2013 Skytrax World Airline Awards has recognised Turkish Airlines as the "Best Airline in Europe". The Istanbul-based global carrier also walked away with "Best Business Class Catering", which includes Turkish Airlines' unique "Flying Chef" service for Business Class passengers on long flights. The results are based on a 10-month period during which Skytrax surveyed more than 100 nationalities from more than 160 countries.

The speed at which Turkish Airlines is adding new routes and enlarging their fleet places them among the world's fastest-growing airlines. "While we were 'traditionally a narrowbody airline', Turkish Airlines is gradually increasing the proportion of widebodies in our fleet, which now account for about 20% compared with 7-8% three years ago," points out president and CEO Temel Kotil.

In addition to 12 Boeing 777s in service, Turkish Airlines has 15 on order and a further five options, which Kotil says are likely to be exercised, and 17 Airbus A330 long-haul aircraft on order with three options. A further order

for widebodies is also widely expected.

Turkish has gone from serving 26 domestic and 77 international destinations, to 37 domestic and 182 international destinations. This increase will help the Star Alliance carrier expand into the Americas, according to Kotil, where Turkish Airlines only has a small number of destinations. It also will help realise his ambition for Turkish Airlines to genuinely "connect the world via Istanbul".

### Lounge

To meet the subsequent greater demand among travellers using their hub, Turkish Airlines has renewed – renovated and expanded – the Istanbul CIP lounge for their Business Class passengers, Miles&Smiles Elite, Elite Plus cardholders, and Star Alliance Gold membership cardholders. The 3,000m<sup>2</sup> lounge located in the International Departures section is capable of accommodating 2,000 passengers in a day.

Features include an extensive menu of hot and cold dishes, private relaxation rooms, showers with special toiletry kits, play room for children, and private infant room. Additional

amenities provide a television and music system, daily local and foreign newspapers and magazines, billiards hall, library, and business centre with all necessary technical equipment and WLAN Internet connectivity.

### Sponsorship

Turkish Airlines also needed to spread the word. Halil Gunay, Tokyo general manager, talks of their association with some of the sporting world's biggest names. "The decision to tap the potential reach of global sports stars was an obvious one," he says. "And the company was quite aggressive, making agreements with the 'strongest teams and players in the world' – Borussia Dortmund, Messi from FC Barcelona and Kobe Bryant of the Los Angeles Lakers basketball team."

But sponsorship is not enough on its own, Gunay adds. Turkish Airlines needed to be strong, to understand why they needed to use sponsorship. "Nobody wants to spend millions of dollars on marketing if you have nothing to back it up," he emphasises. "You need to have the potential to make the most of it."

Gunay talks about brand aware-





ness and the fact that a sponsorship agreement can work both ways. “So many people think we are paying tens of millions of dollars for such sponsorships; but the reality is different,” he says. “Sometimes you can handle things without so much money. As it happens, we need to work at it and be convincing. It is more complicated.”

For example, the idea of sponsorship is more than just paying to place the brand name on shirts.

“We also took the top-eight golf players in the world to Antalya for the Turkish Airlines World Golf tournament in October 2012 [Justin Rose

beat Lee Westwood by a shot to capture the \$1.5m prize in the final],” explains Gunay, “and we sponsor the Turkish Airlines Euroleague, basketball’s main event.”

Saori Kimura, Japan’s standout volleyball player at last year’s London Summer Olympics, recently moved to Turkish Volleyball League team, Galatasaray. This further raised the sport’s profile, along with the Turkish Airlines’ name in Japan. It was a stroke of genius.

“If you are more popular, people and organisations will come to you, and that is happening,” points out

Gunay. “They are coming to us and asking.”

#### Sound footing

Yet, what makes Turkish Airlines’ growth story so remarkable is their accompanying financial figures. Operating revenues have increased annually by around \$1 billion for the past five years. Profits, though fluctuating, have largely been extremely healthy – as well as consistently positive since the last loss in 2000. Turkish Airlines’ net profit in 2012 was TL1.13 billion (\$625 million).

An advocate of industry co-operation, Kotil is keen not to gloss over the roles Star Alliance and IATA (International Air Transport Association) have played in his airline’s ascent. “If you stay focused on Turkey and don’t shake hands with others, you will remain a local company,” says the president and CEO. “If you shake hands with everybody on this earth, you become global.”



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# Have question — will travel

Text: JENNIFER ZYLINSKI-SPARGO



**B**efore 1989, East Germany was the wrong place to be for anyone with a passion for international travel.

"I always had the urge to travel, and I knew that would not be possible," says Alena Eckelmann, who was born near Dassau, two hours south of Berlin. "That really annoyed me."

She grew up feeling somewhat different. Her maternal grandparents not only were Christians, but also ran a bakery.

"That was good for me because I could get fresh bread and cakes, and everyone else had to queue for a long time. I realised later that I was quite privileged," she recalls.

It was also beneficial that there were

"great political arguments" over dinner at home. Eckelmann, who did very well in school, also developed an ecumenical spirit that persists to this day. She attended Bible studies once a week and believed in the Bible, yet was fully integrated into the socialist system.

"In class, I was appointed as the agitator, the person who would talk politics. Each week I made a presentation



with news, slogans and talking points,” she says.

It took some time for Eckelmann to decide what to study at university. Just before the fall of the Berlin Wall, however, it was announced that members of the Christian Democratic Union (CDU) could go through the multi-layered legal and academic selection process to study law. She joined the CDU and began studying East German

law in Berlin in September 1989. There were conditions, however. She was required to renounce her relatives living in West Germany.

“I said that; but of course I knew it was not true, because the family received letters, and goodies for Christmas, from West Germany,” she recalls. There was also a required commitment to work for two years in industrial production and a stint of unpaid work helping farmers bring in the apple crop. Studying law was a compromise.

“What I really wanted to study was something about foreign countries, but there was no way to do that, because I was not a member of the Communist party,” she explains. “I thought that perhaps if I studied law I could help people later.”

When the Wall fell (9 November 1989), she remembers everything changed.

“Even simple things like how to get a driving license. The whole population had to re-learn everything,” she says. “I quit law studies because I realised I could not believe my professors.”

At the factory where Eckelmann worked prior to entering university were migrant workers from Communist states such as Mozambique, Poland, Cuba and Vietnam.

“I became most interested in the Vietnamese. In East Germany we had no jeans. They had access to denim and buttons and things, and they made

jeans for the East German population,” she says. “I studied some Vietnamese and began learning about the country.”

The next step was Vietnamese Studies at Passau university in lower Bavaria. That was tough, because the reference materials were in English. In order to advance her studies, Eckelmann secured a scholarship from the German Academic Exchange Service to attend Hanoi University for one year, in 1994.

“That was my first long-haul flight and my first time to be in Asia,” she recalls, relishing the significance of this step in a life of travel.

“I made more progress there because I could only talk to Vietnamese, and could not talk to foreigners who spoke English,” she says. She returned to Germany fluent in Vietnamese, won another scholarship and spent another half year in Hanoi on an international development cooperation project.

“Then it became really obvious that I needed English,” she recalls. That meant moving to London and studying English full-time. The London chapter lasted nine years, during which she earned an MA from the School of Oriental and African Studies at the University of London, and took on a job as a fundraising researcher for the National Society for the Prevention of Cruelty to Children.

“I love research,” Eckelmann says. “But I wanted a job related to Asia.”

“IN CLASS, I WAS APPOINTED AS THE AGITATOR, THE PERSON WHO WOULD TALK POLITICS”



Still in London, she found a research position with a Japan angle.

"I thought, well it can't be that different from Vietnam," she remembers with a laugh. The job began to grate, however, when she was routinely left out of business trips to Japan. It was time to get out or level up.

"Well, Alena, what do you do," she remembers musing. "You apply the tried and true formula. Find a scholarship."

What she found was the EU-funded Executive Training Programme, with its intensive Japanese-language training, internship in a Japanese company and support for business plan development. Her plan to open a Tokyo office for the research firm failed to materialise,

but Japan offered other irresistible challenges.

"One of the things on my wish list was martial arts," she says, explaining her decision to enrol in the notoriously demanding 11-month aikido course used to train Tokyo riot police. Wisely, she spent several months raising her fitness level. Though previously not even a jogger, she took up running and completed the first Tokyo Marathon, in 2007.

At the aikido dojo, she could tell she was not expected to last long, but as four of the nine beginners fell by the wayside, she continued on to graduate with a black belt and instructor's certificate.

Since opening her own dojo was not a practical option, Eckelmann began living another childhood dream; to be a travel writer. She travelled far and wide, and honed her skills with several publications, then expanded into other fields. By the time EURObiZ Japan was launched four years ago, she was fully prepared to be a regular contributor on travel, culture and business topics. Gradually, though, new interests intensified.

"After six years, it became clear that I did not agree with corporate life anymore," she says. "I wanted to get more into spiritual development and being in nature."

Eckelmann moved to Kumano, about 100km south of Osaka, a region rich in ancient historical and religious sites, and joined a Shugendō dojo. Two months later, in early September 2011, the worst typhoon in the region's history struck, causing devastating floods and landslides. Eckelmann was fortunate not to have been among the scores of fatalities. She had moved out of a farmhouse only days before it was crushed by a landslide.

Instead of moving away, Eckelmann has now become something of an expert in the area. A friend in the local tourist office said he was joining a licensed tour guide course established by Wakayama prefecture, and suggested that she sign up as well.

"It involves theory and on-site training, concentrated on the World Heritage Sites, and being able to actually guide people," she explains.

Subsequently, she was offered a position as group leader in Japan for an Australian tour agency.

For the future, there is a book to be written, ascetic skills to develop, tourists to guide and a continuing passion for travel.

"The common theme is that I am flexible. I follow my heart and live my dreams," says Eckelmann. 🍷

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# Learning success

## *Universities bring it together*


Text **DAVID UMEDA**

The link between government, business and education just got a lot tighter. Government policies known collectively as Abenomics are increasing Japanese global human resources by internationalising higher education in Japan. "TUJ has been producing global human resources for Japan and the world for over 30 years," points out Bruce Stronach, dean, Temple University, Japan Campus (TUJ). "And

we are glad to see changes in Japanese government policy that support our ability to do so."

Higher education will continue to increase in importance for several reasons, according to Philip O'Neill (BA, B.Ed. MBA), who is director of the McGill MBA Japan Program, Desautels Faculty of Management of McGill University, Tokyo. "Continuing rises in general prosperity mean that people will have more time to continue to study, to explore their passions through higher education."

Stronach points to the diversity of the school's student body and faculty, as well as the strength of the programme. "Whether our students are from Japan, America, or a wealth of other home countries, they are educated internationally to serve globally."

O'Neill also sees higher education as having a profound impact. "From a business perspective, people will need to continue to differentiate themselves and their organisations in order to succeed in a very competitive market place." 

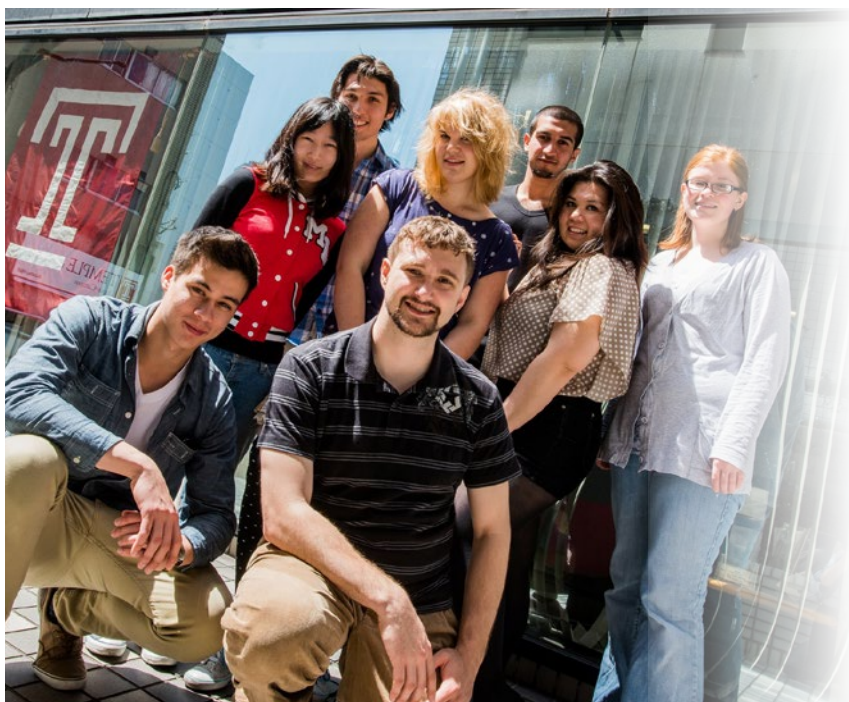


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# Anthony L. Cala

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## Tiger sets the pace

### Knick-knack stores flourish in Japan


Danish retailer Tiger has started a new retailing trend in Japan with its reasonably priced, well-designed and playful household, stationery and fashion accessories. Tiger is owned and operated by Zebra, a Danish firm with more than 240 stores worldwide. The first Tiger store in Japan opened last year in Osaka, and was so popular it had to close twice when it ran out of stock.

The new Tokyo store is located in Omotesando, and is the first to be managed by Sazaby League, Zebra's new Japanese partner. Sazaby League has an outstanding record of partnering overseas brands and retailers in Japan (e.g., Starbucks, agnès b fashion and Camper footwear), and its entry into variety knick-knack retailing speaks volumes about the potential.

Tiger's popularity has not gone unnoticed, and competitors are springing up fast. The most prominent is Asoko, launched by Yu-shin Creation and Sumikin Bussan earlier this year, selling similar ranges of colourful and distinctively designed household goods, fashion and gadget accessories. They are rushing to expand, and opened a flagship store in Harajuku a month earlier than Tiger in neighbouring Omotesando.

The existing competitor closest to Tiger and Asoko is 3Coins. Founded by fashion retail group Pal, 3Coins also offers a diverse range of household goods, fashion accessories and stationery aimed at young females and career

women. Almost all stock-keeping units retail at ¥315 (hence the three coins – three ¥100 coins plus tax) with a few larger items, such as furniture, selling for ¥1,050. The business has grown rapidly in recent years, from 63 stores and sales of ¥8.8 billion in fiscal year 2010, to 91 stores and sales of ¥12.6 billion last year.

While clearly there is potential for such knick-knack chains, it remains to be seen whether Tiger, 3Coins and Yu-Shin Creation will dominate. Seria, the second-largest 100-yen chain, has already moved more upmarket in design, if not in price, and now has 1,000 stores and ¥100 billion in annual sales. All 100-yen chains have the sourcing skills and financial resources to enter this knick-knack market. For now, however, the two newcomers and 3Coins have it all to themselves. 



#### ROY LARKE

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# St. Mary's International School

## *Student retreats kindle academic flame*

Young men at St. Mary's International School in Tokyo start off the school year with team-building exercises and fun-filled outdoor activities. This year, the High School students gathered in Gunma for rafting, canyoning and caving. Middle-schoolers, meanwhile, enjoyed caving and hiking around St. Mary's private ski lodge in Tsumagoi, or hiking and body surfing in nearby Chiba. With all the fun, our young men may not have noticed they were also building lasting friendships, fostering community and school spirit, and developing student-teacher bonds.



Back in the classrooms, students hit the books. Our high-schoolers joined in two college fairs in October. Juniors and Seniors, in particular, benefit from meeting with representatives of their dream schools and challenge themselves with the preparatory PSAT and university-required SAT exams. After classes are done for the day, the boys join in on a wealth of sports and after-school activities that include tennis, cross country, swimming, soccer, the Brain Bowl interschool competition, and our own publication, *The Diplomat*. Boys in the Middle School, meanwhile, signed up for a Walk-a-Thon in Komazawa Olympic Park to raise money for charities focused on the recovery effort in the devastated northeast Tohoku region.

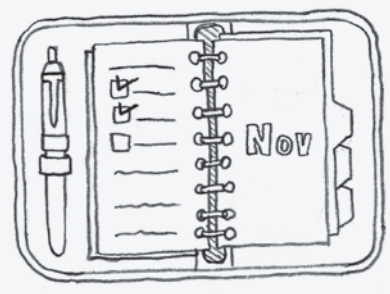


Eager not to be left behind, Elementary students showed off their athletic talents at the Fall Sports Day, with our spacious athletic field filled with the cheers, laughter and the applause of their parents. The Elementary School's Halloween Parade is one of the annual highlights on the St. Mary's International School calendar, as boys in costume gather in the atrium and march around the school campus. Parents join in the fun by putting on their own costumes and lending a hand in decorating the classrooms and participating in other seasonal festivities. The parade completes our autumn season with a flourish and ushers in the winter term with its own full schedule of sports and after-school activities – academic and artistic in scope and purpose.



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► **Finnish Chamber of Commerce in Japan**  
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## Sweden-Finland Golf Challenge in Japan

22 November, Friday, 09:00-17:30

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**Contact:** [fccj@gol.com](mailto:fccj@gol.com)

► **German Chamber of Commerce and Industry in Japan**  
[www.japan.ahk.de/en/](http://www.japan.ahk.de/en/)

## German Christmas Dinner Tokyo/Osaka

4 December, Wednesday/10 December, Tuesday, 18:30-21:30

**Venue:** Hotel Okura Tokyo/Hilton Osaka  
**Fee:** ¥18,000/¥16,000 (members), ¥20,000/¥18,000 (non-members)  
**Contact:** [events@dihkj.or.jp](mailto:events@dihkj.or.jp)

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

## Third Thursday Networking Event

14 November, Thursday, 19:00-21:00

**Venue:** to be confirmed  
**Contact:** [secretariat@ijcc.jp](mailto:secretariat@ijcc.jp)

## The IJCC Business Awards Dinner

28 November, Thursday, 19:30-23:00

**Venue:** Conrad Tokyo, Hamarikyu Ballroom  
**Contact:** [secretariat@ijcc.jp](mailto:secretariat@ijcc.jp)

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

## Cooking competition: Gran Concorso di Cucina – VI Edition

25 November, Monday, 14:00-17:00

**Venue:** Tokyo Gas Studio +G, Ginza  
**Contact:** [iccj@iccj.or.jp](mailto:iccj@iccj.or.jp)

## Italian food fair: "ICCJ@ACCIGusto"

26-27 November, Tuesday-Wednesday, 10:00-17:00

**Venue:** Metropolitan Industrial Trade Center, Hamamatsucho  
**Contact:** [iccj@iccj.or.jp](mailto:iccj@iccj.or.jp)

## ICCJ Gala dinner

5 December, Thursday, 18:30-23:30

**Venue:** Palace Hotel Tokyo

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**Fee:** ¥22,000 (members), ¥25,000 (non-members)  
**Contact:** [promo@iccj.or.jp](mailto:promo@iccj.or.jp)

► **Swiss Chamber of Commerce and Industry in Japan**  
[www.sccij.jp](http://www.sccij.jp)

## Year-end Party

29 November, Friday, from 18:00

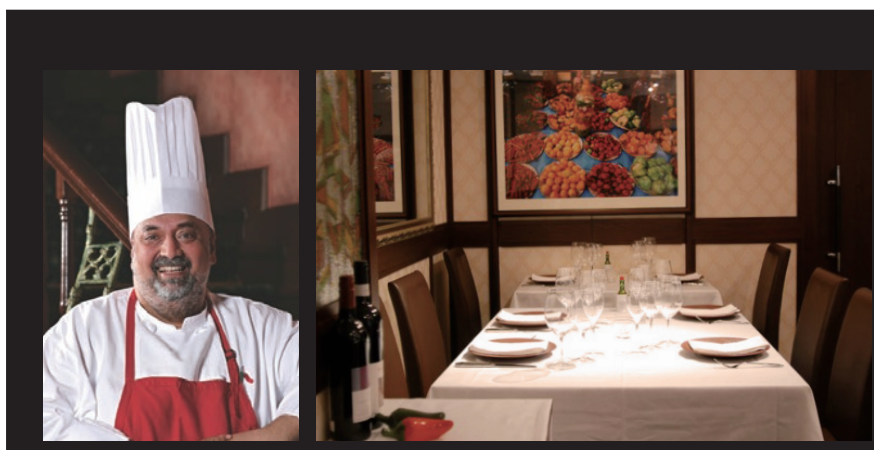
**Venue:** Hilton Tokyo, room to be confirmed  
**Fee:** ¥12,000 (members and non-members)  
**Contact:** [info@sccij.jp](mailto:info@sccij.jp)

## Annual Scandinavian Christmas Ball

13 December, Friday, from 18:30

**Venue:** The Westin Tokyo, Galaxy Ballroom  
**Fee:** ¥18,000  
**Contact:** DCCJ, FCCJ, NCCJ, SCCJ, ISCCJ

Compiled by DAVID UMEDA



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# Rene Duignan

## *High-stakes competitor*

Text and photo **DAVID C HULME**

“I’VE LEARNED MORE **WORKING IN THE BAR** THAN I HAVE IN UNIVERSITIES”

People worry that Irishman Rene Duignan will overtax himself, he is so incessantly busy. He calls it “work ethic”, honed by the relentless demands of working in the Dublin bar operated by his father.

“I began working in the bar at eight years of age, washing glasses and serving drinks,” he says. That “previous career” lasted until he was 25, when he

left Ireland and came to Japan.

“I’ve learned more working in the bar than I have in universities,” says Duignan, who is now an economist at the EU Delegation to Japan and an award-winning filmmaker.

“You learn about people, how to deal with them, how to listen and how to be socially comfortable. That was a great learning ground,” he says.

Duignan adds – and you can take his

word for it – that in those early days he became ferociously competitive. He played so much table soccer that he and colleague Max Reneman were able to beat all comers in the 2012 European Embassy Cup table soccer tournament. He got so proficient at pool that he avoids the game now, since opponents only get annoyed at never winning.

“I have this huge advantage because I’ve played it all my life,” he says. “The

skills are not very practical, but the competitive instinct has been very important.”

He had not been in the bar long before he joined the adults playing poker, darts and billiards, for money, and with no allowance for youth. A lesson vividly recalled is from when he was around 10 years old.

“I was playing poker for quite a lot of money with customers. My father said: ‘Never look at the money that’s in the pot; just play your hand.’ That’s really one of the great life lessons.”

Duignan applies that lesson to his twin current roles, of EU economist and suicide prevention champion.

“Often, talking to people after an [Saving 10,000: Winning a War on Suicide in Japan] event, I know they are trying to find the reason to live. It is a very high-stakes conversation I am having with them,” he says earnestly. “Also, in the middle of the Euro crisis, I had to give so many talks, including at the Japanese Diet, to convince people that the eurozone would survive. You just have to do what’s in front of you.”

Working in the bar also gave Duignan a permanent aversion to alcohol.

“Seeing people becoming dependent on alcohol just turned me off it,” he explains. One reason he left Ireland, he adds, is that social life there centres so much on bars. “I had spent my whole life up to then in a bar, so going out to bars is a bit boring.”

A Dublin bar could be a rough place in those days of high unemployment.

“There were a lot of fights in a typical bar,” Duignan recalls. “So my father decided that the doors of our place would be locked to avoid trouble. Even now, you have to knock to get in. Strangers get in if they look okay, which is reasonable, I think, because I have seen these fights and they’re not pleasant.”

Asked what makes him typically Irish, the Dubliner answers immediately: “Talking to my mammy. We talk or email almost every day”.

Anyone who knows Duignan knows he will sing up a storm at any opportunity. As a university student in Ireland, he sang semi-professionally and was noticed by Bono.

“The U2 record label became very interested in my band. My parents thought I would become a professional singer, and studying was kind of a

safety net,” he says.

The safety net became crucial when the record label turned its attention to Icelandic singer-songwriter Björk and quit Dublin entirely. The music scene changed and Duignan, at 25, felt his opportunity had disappeared.

“I needed some kind of adventure. I was interested in Japan, having studied the economy after the bubble burst, so I came to Japan on a very generous Monbusho Scholarship,” he says.

Following six months of intensive Japanese language study came five years of work on a Ph.D. in international business at Aoyama Gakuin University, but he was still a born entertainer.

During those years, I did around 80 TV shows – anything from working as an extra to acting work, doing shows and going back to Ireland as a guide for a TV show. This really enhanced my Japan experience,” he recalls.

Duignan notes that many scholarship students have no prospects in Japan when they graduate, so they have to leave.

“I was very lucky. I saw a Central Bank of Italy ad in The Japan Times,” he recalls. “It took four months of interviews, but that was really the big turning point. I was able to get a foothold here in Japan.”

After eight happy years at the Italian institution, another newspaper ad caught the economist’s attention, and led to his current position.

“The euro crisis had started,” he remembers. “I’d been teaching European economics at Aoyama Gakuin, on Saturdays, for 10 years. I thought, my goodness, wouldn’t it be good to work for the EU!”

The job has two basic elements, he says now. One is to interpret research on Japan for a European audience.

“The second part is explaining what’s going on in Europe to everybody here, from investors to politicians, university students and businesspeople,” Duignan says. “It’s a lot calmer this year, but last year there was a sense that people didn’t believe you when you said various disasters were not going to happen in Europe.”

Duignan describes the crisis period as the greatest challenge of his career so far. Despite scary headlines on a daily basis, he had to constantly bring all his passion, determination and debating skill into his arguments in support of



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

**Title:** Economist

**Time in Japan:** “16 years”

**Career highlight:** “Addressing the Japanese Diet in the middle of the euro crisis”

**Career regret:** “Honestly, I don’t have one”

**Favourite saying:** “Simplicity is genius”

**Favourite book:** “Anything by Ian McEwan”

**Cannot live without:** “Sunday walks”

**Lesson learned in Japan:** “Anything is possible”

**Favourite place to dine out:**


“Capricciosa”

**Do you like natto?:** “No, but my two-year-old daughter eats natto almost everyday, so I am getting used to the smell”

the euro.

“Debating is a good skill in anything. But certainly I need it in this job. Economics is very much open to interpretation, so you really need to argue your point, analyse what other people are saying and interpret correctly,” he says.

It is Duignan’s obviously gruelling schedule since he began the anti-suicide campaign, on top of a demanding full-time job, that worries some of his friends.

“Tonight I do the 91st event, including screenings, talks and interviews. Requests are coming from all over Japan. In Sapporo, I had someone [in the audience] who cleans up apartments of dead people, and he got very emotional, thanking me for the movie,” says the filmmaker. “I can keep pushing forward. I feel it would be very selfish on my part to stop. It is not easy, but I am getting calls from people saying ‘the film stopped me from killing myself.’” 



# Paul Hardisty

*President, adidas Group Japan*

The adidas Group is a global leader in the sporting goods industry, offering a broad range of products around its core brands: adidas, Reebok, TaylorMade, Rockport and Reebok-CCM Hockey. Since its establishment in 1998, adidas Japan has introduced countless innovative products and inspired sports fans and athletes of all levels around Japan.

"We support athletes in their efforts to perform better. We also empower people to be fit for life," says Paul Hardisty. "Japan is a key market for the adidas Group and a wonderful place to live. We are excited by opportunities such as the Rugby World Cup in 2019 and the Olympic Games in 2020! adidas is 'Go All In' for the 2014 FIFA World Cup Brazil."

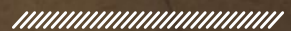
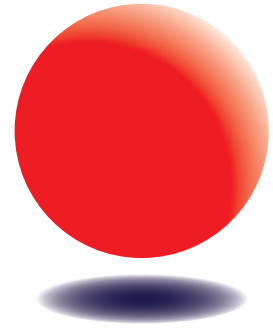


Photo **IRWIN WONG**



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検索 



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Even a small product like a bar of soap can make a difference to people's lives. Driven by the values inherited from our founders, we have set the ambitious target of doubling the size of our business, whilst reducing our environmental footprint and increasing our positive social impact.

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