

EURO BIZ JAPAN

JUNE 2017

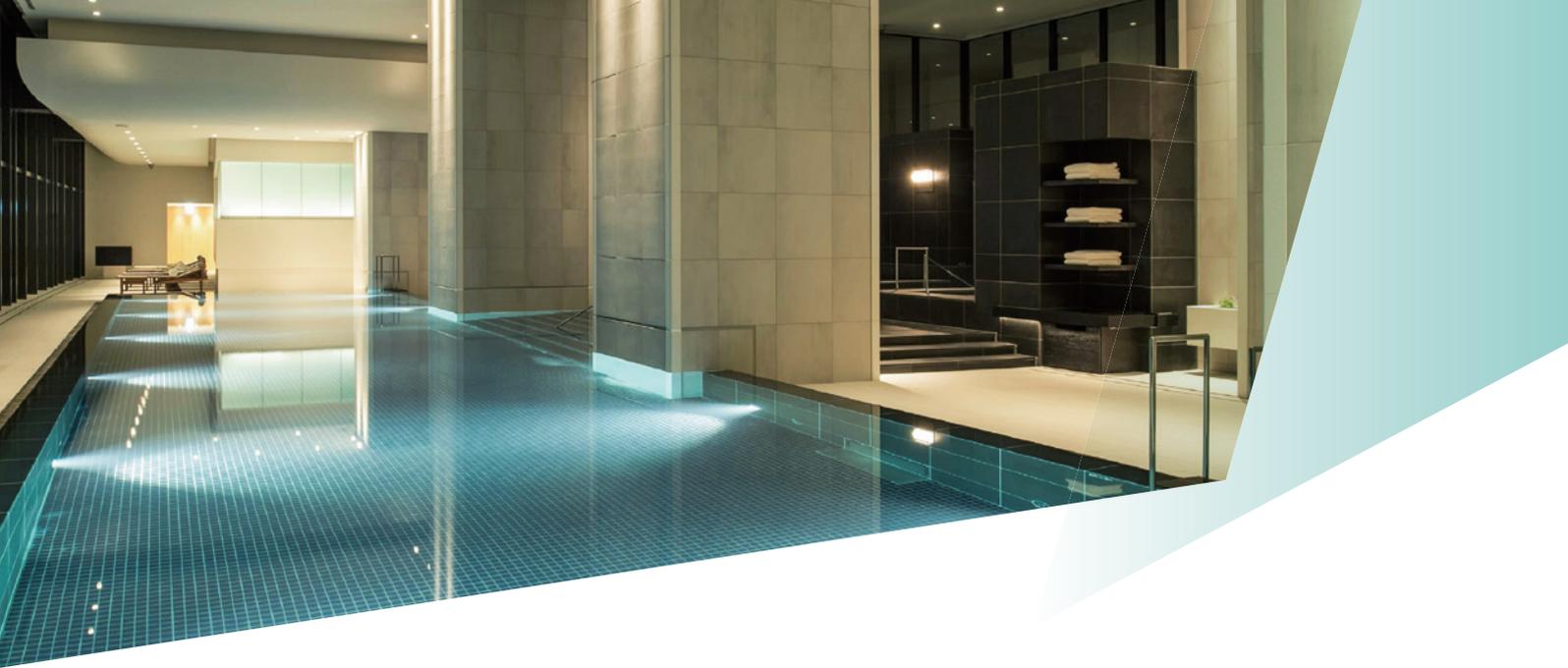
A man with a shaved head, wearing a dark suit, light blue shirt, and dark tie, is sitting in the driver's seat of a red Maserati convertible. He is looking towards the camera with a slight smile. The car's interior is red leather, and the steering wheel features the Maserati logo. The background is a plain, light-colored wall.

GUIDO GIOVANNELLI,
PRESIDENT,
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Maserati carves out a luxury niche for itself in Japan





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Work Place



The Mission of the European Business Council

To promote an impediment-free
environment for European business
in Japan.

A man in a dark suit is driving a Maserati car, viewed from the passenger side. He is holding the steering wheel with both hands. The car's interior is visible, including the dashboard, steering wheel with the Maserati logo, and a digital display. The background shows a blurred city street.

“Driving a
Maserati is very
therapeutic.
You enjoy every
moment.”

10

**Exquisite and
powerful**

By Tim Hornyak





First Focus

The vermilion *torii* gate, a distinct feature of Shinto shrines, symbolises the entrance to a sacred space. Nezu Shrine, near Ueno, is known for its azalea festival in May; its Oharae, or purification, festival at the end of June, its lush greenery; and its many *torii* gates over the shrine's pathways.

Sacred moments are few and far between these days, so it's always wise to commemorate them with a selfie.

Photo by Ben Beech
www.benbeechphoto.com



Tokyo journalist **Tim Hornyak** has covered technology in Japan for IDG News, CNET, Scientific American and other media, and is the author of *Loving the Machine: The Art and Science of Japanese Robots*. He has also co-authored Lonely Planet's guidebooks to Japan and Tokyo.

➔ *“Going from a subcompact Toyota Vitz, my rental of choice in Japan, to a Maserati Quattroporte S was a shock to the system, but a pleasant one. I decided that a test drive around Yotsuya couldn't do it justice and have since been dreaming about cruising the Fuji Five Lakes area.”*



David McNeill has been in Japan since 2000 and writes for *The Economist* and other international publications. He is co-author of *Strong in the Rain*, and is writing a new book exploring differences between the Japanese and Western mass media. He lives in Tokyo with his wife and two children.

➔ *“Media freedoms are declining across the world, and Japan isn't any different. The country's media consumers, however, have learned to read between the lines — largely thanks to the much-criticised press club system, which often makes the big media companies little more than mouthpieces for powerful interests.”*



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

➔ *“It was encouraging to hear about three new national chambers of commerce launching in Japan, the optimism of the heads of the organisations about doing business here, and their pride in — and desire to help — their countries. It was also particularly surprising to learn that a country and economy the size of Spain wasn't already represented by its own chamber.”*



Justin McCurry is the Japan and Korea correspondent for *The Guardian* and *The Observer* newspapers. He graduated from the London School of Economics and later gained a master's degree in Japanese studies from London University.

➔ *“Years of stimulus have so far failed to leaven pay packets for Japan's workers, with female and contract employees the most aggrieved. Yet the conditions appear to be just right for wage rises. So why is Japan defying economic convention, and is it time for the government to rethink its policies?”*

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Publisher

Vickie Paradise Green
paradise@paradigm.co.jp

Editor-in-chief

Andrew Howitt
andrew@paradigm.co.jp

Senior Editor

David Umeda

Creative Director

Paddy O'Connor

Art Director

Cliff Cardona

Illustrator

DJ

Sales Director

Tapo J. Mandal

Account Executives

Tamas Doczi
Livia Santana
advertising@paradigm.co.jp

Production and distribution

Daisuke Inoue
eurobiz@paradigm.co.jp

Published by Paradigm

6F Daiwa Osaki
3-chome Bldg.
3-6-28 Osaki, Shinagawa-ku,
Tokyo 141-0032
Tel: 03-5719-4660
Fax: 03-3492-1202
www.paradigm.co.jp

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The EBC is the trade policy arm of the eighteen European national chambers of commerce and business associations in Japan

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Executive Director Alison Murray
Policy Director Bjorn Kongstad
Communications & PR Yoko Hijikuro

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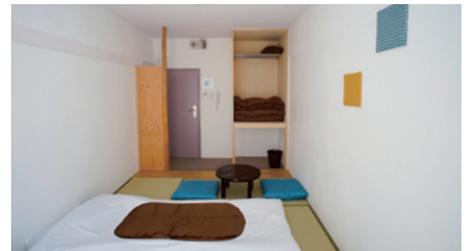
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Running well

The Majlis, literally the “place of sitting”, of the United Arab Emirates (UAE) is a type of gathering where members of a community come together to socialise, discuss issues, and exchange information and ideas. An incredibly valuable aspect of the nation’s culture, the Majlis was added to the OECD’s Intangible Cultural Heritage list in 2015. Through this practice, relationships are strengthened, problems are solved and others’ perspectives are better understood – in other words, the Majlis keeps things running well.

Italian Ambassador Giorgio Starace was a frequent guest at the Majlis of the Crown Prince of Abu Dhabi when he was ambassador to the UAE between 2010 and 2014.

Recently appointed to the embassy in Tokyo, Ambassador Starace spoke with *Eurobiz Japan* about how much he valued the culture of Majlis, as well as the close relationship between Italy and Japan, and the embassy’s expectations for further strengthening trade relations between the two countries (page 20).

With their many networking events, chambers of commerce are akin to the Majlis. Three new European chambers of commerce – representing the Czech Republic, Greece and

Spain — are now up and running in Japan, and Gavin Blair spoke with the respective presidents about how the chambers started and their hopes for building up their nations’ business communities here (page 18).

On the June cover is Guido Giovannelli of Maserati Japan. Read Tim Hornyak’s *Exquisite and powerful* on page 10 to find out about the company’s exponential growth in the Japan market, some of its recent models (which run very well), and Giovannelli’s desire to tell a younger generation of customers about its new products.

Maybe he should consider a Majlis... ●

Editor-in-Chief
andrew@paradigm.co.jp



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INVESTING IN JAPAN

TEXT BY TIM HORNYAK

PHOTOS BY BENJAMIN PARKS



Exquisite and powerful

Maserati carves out a luxury
niche for itself in Japan

A world of opportunities

*“Our family can dine out, work out and
hang out all under one roof.”*

Carmen Roberts Monksmith



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Japan has imported Maserati cars since the 1960s, but the company itself didn't set up shop here until 2011. Italian engineer Alfieri Maserati and his brothers founded the automaker in 1914 in Bologna; the city's 16th-century statue of Neptune bears a trident that inspired the Maserati logo. Its headquarters are now in Modena, home to the factory where 10% of the 42,000 Maseratis produced last year were made. The other 90% were produced at two factories in Torino. Maserati's parent company, Fiat Chrysler Automobiles (FCA), is the seventh-largest automaker in the world in terms of annual sales. In 2016 Maserati sold 1,300 cars in Japan, up from 300 in 2012. The company has grown rapidly, establish-

ing 24 dealerships in cities throughout the archipelago, including five showrooms in the Tokyo metropolitan area. Maserati Japan is one of five independent

national companies in the world and it buys cars directly from Italy.

"Japan is a very important market because we have a long history here and one of the oldest Maserati clubs in the world," says Giovannelli, who began his automotive career as an engineer. He joined FCA in 1999 and later worked on tractors and trucks before heading Maserati's Western Europe operations in Paris. "Japan is also a kind of image country for Asia — for places such as South Korea and Taiwan that are influenced by Japan. It's not a big market for us because 94% of automobile sales in Japan are domestic brands, but it's a very important market."

Japan's luxury auto market is fiercely competitive, with German, British and other Italian brands vying for that 6% slice of the pie. That means paying maximum attention to customer demands. Giovannelli says Japanese Maserati owners are typically company owners in their late 40s to early 50s who know the brand inside out and want high-quality products and service — but the company's best-selling model, the Levante, is attracting more and more women to its showrooms.

"Our owners are changing because our product range is becoming wider," explains

"Driving a Maserati is very therapeutic. You enjoy every moment."

Giovannelli. "The Levante targets users who are doing things like going skiing, playing golf or just commuting to work every day."

The number of female car owners is increasing in Japan, as it is elsewhere in the world. As a result, Maserati's focus has shifted slightly with the introduction of the new model, but its values remain the same — sportiness and Italian design.

"It's true that Levante is an SUV," notes Giovannelli, "but it's also true that you recognise it as a Maserati."



The Quattroporte GTS's V8 530-horsepower engine can take you from zero to 100kph in 4.5 seconds

To meet buyer expectations, Maserati Japan double-checks all its cars at a special facility after they complete the one-month sea voyage from Italy. Only then can they be released to the market. The company will also be producing more limited editions of cars for the Japanese market, something that it started this year with the Ghibli.

"I'm looking for customers who are younger, so sportiness is very important," says Giovannelli. "The main problem we have is not enough brand awareness — people know Maserati — but very few know that we have an SUV, and of course they don't know the price. We have to enlarge our vision and improve our communication efforts."

Giovannelli is now focused on meeting an annual sales goal of 2,000 vehicles, and developing custom models for Japan.

"I believe that if we have the capacity to put together the perfectionism of Japanese people and the passion of Italian people," he says, "this combination can be incredibly powerful." ●



THE VIRTUOUS CYCLE IS STUCK

Why wages remain stagnant in Japan

Last month brought a rare piece of good news for Japan's 65 million workers: their wages had risen by 0.4% in real terms in 2016, the first year-on-year increase in six years, according to government data.

The modest rise was a rare bright spot in an otherwise futile effort to realise Prime Minister Shinzo Abe's "virtuous cycle" of robust wage growth and consumer spending.

His economic programme, referred to as Abenomics, depends on increasing corporate profits that will, in turn, bring higher wages and a loosening of household purse strings. Ultimately, so the theory goes, Japanese consumers will overcome

unease about future pension and welfare costs, and spend their way out of deflation.

The anaemia afflicting wage rises has some economists scratching their heads. Unemployment is at a mere 2.8% — its lowest rate in over 22 years — and the national ratio of job offers to job seekers was at 1.48 in April, a 43-year high. Moderate economic recovery and an ever-tightening labour market should be the ideal backdrop to thicker wage packets.

Instead, Japan is turning conventional economic theory on its head. Rather than converting profits into higher salaries, companies are simply sitting on their cash, aware that incremental rises in base pay could lock them into an upward trajectory that would make surviving the next economic downturn that much harder.

"Japan is not following the textbook route," said Naohiro Yashiro, a noted free market

economist and visiting professor of economics at Showa Women's University. "We have all heard of downward rigidity, but there is also upward rigidity. Companies are afraid that, if they raise the basic wage, they won't be able to lower it during a recession."

Instead, firms adjust remuneration by tweaking bonuses, said Yashiro, who is also a member of Abe's Regulatory Reform Promotion Council.

Almost two-thirds of Japanese companies do not plan to hike their workers' wages this year, according to a recent Reuters poll, striking yet another blow to the Bank of Japan's goal of achieving 2% inflation by 2018.

While major EU economies, notably Britain, are also battling stagnant wages and the expansion of the "gig" economy — in which larger numbers of young workers are employed on zero-hour contracts — Japan has struggled more than

most to translate a healthy job market into wage growth.

Sitting on cash reserves rather than showering them on hard-working employees is at the heart of Japan's wage conundrum, according to Professor Charles Weathers, a labour relations expert in the graduate school of economics at Osaka City University.

Weathers blames wage stagnation on the culture of "excessive wage restraint" created by the first oil shock in 1975 and the use of bonuses in lieu of pay rises. While he acknowledged that government intervention in wage negotiations have brought successes — such as at Toyota — over the past four years, he added that "the raises are not big, and the impact rarely reaches the hardest-pressed workers."

Several rounds of stimulus under Abe have failed to nudge companies into raising wages. Without more cash in their pockets, households are locked into the thrifty habits that have held back consumption-driven growth.

"The Japanese labour market is unambiguously as tight as it ever has been in history. Yet wage inflation remains moribund," wrote Albert Edwards, global strategist at Société Générale in London, in a note to clients. "It is not that Japanese companies haven't got the cash to splash around if they so choose. Japanese corporate profits have boomed since Abe came to power at the end of 2012."

Indeed, major firms expect to set another record for combined net profit for fiscal 2017, due to overseas demand and a weaker yen, according to SMBC Nikko Securities Inc.

0.4%

Japan's 65 million workers had their wages rise by 0.4% in real terms in 2016

Direct comparisons with the European Union are tricky, given the disparate condition of EU states' economies and the fact that national governments, not Brussels, set wage policy.

Barbara Gerstenberger, head of the working life unit at the European Foundation for the Improvement of Living and Working Conditions, said: "It is difficult to generalise the developments in the European Union countries, as in recent years we have seen diverging developments across the continent."

While wages are rising in eastern European member states, many EU governments

"Companies are withholding profits because they want to avoid taking risks"





THE LEADERSHIP JAPAN SERIES

Japan Still Scared of Its Own Shadow

BY DR. GREG STORY
PRESIDENT, DALE CARNEGIE TRAINING JAPAN



The world's third-largest economy — and one of the most sophisticated and advanced countries — is a notorious under-performer on the international stage. I was reminded of this by Tokyo Governor Yuriko Koike. She was a guest speaker at a foreign chamber event drawing a capacity crowd. She is whip-smart, charismatic, and knows how to charm the crowd. She speaks Arabic fluently, and her English is simply excellent. Yet, she chose to address the assembled chamber members in Japanese, not in English. What an opportunity missed to show Tokyo's — and Japan's — internationalism.

Having been a diplomat, I know how these events are totally scripted beforehand, so nothing can possibly go wrong. The event featured a series of questions from the director of the chamber to Governor Koike. These questions were all vetted prior to the event, so she had complete knowledge of what was going to be asked. They were all softball questions anyway, which made them easy to handle. This foreign chamber is never going to get aggressive with the Governor of Tokyo, so she was amongst firm friends.

Yet, she switched to Japanese after making some flawless off-the-cuff comments in English at the beginning — which included cracking a joke about channel three of the headsets receiving the translation in Arabic. That was witty, and said to everyone present that she was a very confident person in dealing with foreign languages. At the end, she switched back to perfect English, more witticisms followed; and then she elegantly glided out the door. Why didn't she do the whole delivery in English? She obviously has the ability.

Yes, it was on the record, and there were members of the Japanese media there recording her comments. So by speaking in Japanese, she could play to the broader populace of Tokyo. "Here is our Governor effortlessly dealing with foreigners" type of thing. Yet, you may have noticed that this Governor of Tokyo does not want for media attention.

This event was an opportunity to work on the non-Japanese media, and on the Japan fans and boosters in the room. Projecting Tokyo as a truly international city was always a stretch under her long-reigning predecessor, Shintaro

Ishihara, because he was so parochial in his views. Koike is a breath of fresh air in that regard — and could have played an effective role of evangelist for Tokyo, speaking directly to the foreign community. She did distribute to the audience some very high-quality books on Tokyo, which were first-rate exemplars of the sophistication of the capital.

She could have worked the room and converted everyone to fandom, but the governor chose instead to retreat into Japanese. She could have chosen to make her main remarks in English, and then answer the questions at the end in Japanese — or rely on the simultaneous translators. I know from my own public-speaking experience in Japanese, that the questions at the end can be difficult to follow at times. However, she had simple options to get around that issue, which she chose not to exercise. So why?

We see, again and again, Japan being scared to step out. Soft power should be a tremendous advantage for the country, but its leaders consistently decide not to take it up. Koike's luncheon event is another example. The conservative bureaucrats in the Governor's office were, no doubt, laser-focused on eliminating all risk. Speaking in English is risky, so let's not do that. What about the upside? I guess that this was a non-contest between balancing some degree of risk and achieving a very much more positive result. As we know in Japan, mistakes are not allowed; and the best way to avoid a mistake is to do nothing different or new.

Isn't it time we started to work on this construct? In our companies, we need to embrace change, to allow failure as a learning process, to have BHAGs (Big Hairy Audacious Goals) that take us out of our comfort zone. Leaders like Koike would be fantastic role models for the country — if they chose to play that role. They choose not to; and so the Japanese continue to fly under the radar. When will Japan be ready to become a player on the world stage in international business

— or regarding global relations? Don't hold your breath in anticipation of anything changing soon, when the best and the brightest decline the challenge.

**"In our companies,
we need to
embrace change,
to allow failure as
a learning process"**

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consider pay rises harmful to international competitiveness, according to Michael Dauderstädt, a Germany-based freelance consultant who has written extensively on EU wage policy.

“Most recently, Germany has been promoting wage increases through the introduction of a statutory minimum wage and decent wage rises in the public sector. But this comes after years of wage restraint,” added Dauderstädt. “In Germany, I have the impression that companies are ready to pay higher wages due to low unemployment and an increasing scarcity of qualified labour.”

In Japan, the rise of *haken*, or contract workers, over the past two decades has placed further

pressure on wages, prompting Abe to commit himself to “equal pay for equal work”. This means, ideally, that there will no longer be wage discrimination between regular and non-regular workers, who account for about 40%

of the workforce. However, few realistically expect wage parity between the two workforces.

In spite of this, Yashiro believes there is cause for optimism. After the failure of years of large-scale stimulus to prompt wage rises and consumer spending, he and other experts are coming up with new ideas they believe can succeed where Keynesian economic policy writ-large has not brought about the desired results.

Yashiro is calling on the government to address wage stagnation in Japan’s huge care industry, which, he says, is still stifled by a quasi-socialist resistance to private sector involvement.

2.8%

Unemployment is at a mere 2.8% — its lowest rate in over 22 years

1.48

The national ratio of job offers to job seekers was at 1.48 in April, a 43-year high

“Germany has been promoting wage increases through the introduction of a statutory minimum wage and decent wage rises”

“If we can move towards a market-based system [in the care sector], then we have the potential to increase productivity and wages through economic growth,” Yashiro said. “There has traditionally been a lot of opposition to this, but Abe is moving in that direction.”

Osaka City University’s Weathers also noted that workers in public service-type jobs — especially nurses, childcare workers, elderly-care workers and teachers — are unable to make a living wage unless the government essentially subsidises their salaries.

“Abe would like to raise their wages because he wants to promote career opportunities for women, but the government is already in fiscal hell — at all levels,” Weathers notes.

One voice that is frequently missing from the wage debate is that of the workers themselves, despite growing concerns across developed economies regarding rising inequality and poor job security.

While unions in the EU are now pushing for wage rises, their Japanese counterparts have been criticised for abandoning the aggressive *shunto* pay-hike campaigns of yesteryear in favour of protecting profits at a time of economic uncertainty and tough international competition.

“Companies are withholding profits because they want to avoid taking risks,” said Koki Tanaka, an official with the Japan Federation of Newspaper Workers’ Unions and a critic of Abe’s economic policy. “Their main interest is in reducing personnel costs.

“Another factor is globalisation,” he added. “If firms can cut costs by basing their business operations overseas, they just don’t see the need to invest in domestic labour.” ●



Three new European chambers of commerce start in Japan

Representing the Czech Republic, Greece and Spain

The European Business Council in Japan (EBC) recently welcomed three new chambers of commerce into the fold, those of the Czech Republic, Greece and Spain. Though the timing appears to be a coincidence, the founders of the three chambers were united by the belief that their nations' business communities required, and deserved, greater representation in Japan.

"It was a bit strange that Spain had no chamber, and people had tried twice previously to form one without success," says Rafael Moyano, president of the Spanish Chamber of Commerce in Japan, which now represents the interests of companies from Europe's fifth-largest economy.

The fact that a visit to Japan by the King of Spain was announced last year added an extra impetus to getting the chamber established, according to Moyano. The monarch came in April, the same month the chamber received approval from both the Spanish Ministry of Economy, Industry and Competitiveness and Japan's Ministry of Economy, Trade and Industry (METI).

Establishing a new chamber in Japan requires an auditor, a constitution, a board of

directors, and showing that it is the only entity fulfilling such a role. The heads of all three new chambers say they found METI to be exacting in a typically bureaucratic fashion, but not obstructionist in any way.

"You need resilience and patience," according to Moyano, who came to Japan four years ago from Singapore with Adecco, the Zurich-headquartered personnel services group, for which he is now chief financial officer for Asia.

The Spanish chamber began by recruiting major companies, including Spain's flag carrier Iberia airlines, and Inditex, the world's largest clothing retailer and owner of the Zara brand. The chamber also signed up La Liga, the Spanish professional football league, when it visited Japan with Real Madrid in December for the FIFA Club World Cup. The addition of La Liga was a particular source of pride for Moyano, a passionate football fan and Real season ticket holder of 25 years.

"So far, all our members are big Spanish corporations, but we are open to smaller companies, Japanese companies and individual members," says Moyano.

Spain's newly established chamber is currently using the Spanish embassy as its official



Roman Watanabe,
Czech Chamber of Commerce
and Industry in Japan

address, and Moyano says the diplomatic mission has given a great deal of assistance "in terms of helping us connect with Japanese and Spanish companies."

Indeed, all the new chambers have found their respective embassies helpful and supportive with their efforts. Tony Andriotis, president of the Greek Chamber of Commerce in Japan, says he was inspired to form the organisation by both a desire to help Greece and to complement the Greek Embassy's efforts at strengthening the bonds between Greece and Japan.

"The Greek Embassy has been doing an incredible job promoting Greece in Japan," explains Andriotis, "but we are now in a



Tony Andriotis,
Greek Chamber of
Commerce in Japan

position to assist the embassy as they work to build trade relations.”

There have been previous attempts to start a Greek chamber over the past two decades. “In my brash New York-lawyer way, I said I’d get it done in six months; I think it took seven,” says Andriotis, the son of Greek immigrants to the US.

“As a Greek-American, a member of the diaspora, I wanted to know what I could do to help Greece,” adds Andriotis, who says members of the broader Greek community – including Greek-Australians, Greek-Italians and even Japan-born Greeks – have

been highly supportive of the chamber.

The Greek diaspora make up a large portion of the chamber’s individual members and Andriotis says he is in discussions with some of them about holding events in conjunction with the international companies they work at, as well as with other chambers.

The Greek chamber was formally established in the summer of 2016 and, like the Spanish chamber, is also currently officially registered at the address of the nation’s embassy.

Andriotis represents New York-based international law firm Hughes Hubbard & Reed LLP in Japan. He describes himself as “a recent convert to the new religion of European federalism,” and a firm believer in the importance of Greece having “a seat at the table” – both in the EU and through the EBC in Japan.

The Czech Chamber of Commerce and Industry in Japan is the oldest of the new trio, established in the summer of 2014, although it just recently joined the EBC. Despite the fact that there are estimated to be

fewer than 100 Czech citizens in Japan, the chamber has already recruited 45 members, 10 of which are corporate, according to Roman Watanabe, its chairman. Corporate members include nanotech company Elmarco; beer, wine and glass importer P&M Czech; energy management firm Instar ITS; and software company Zoner, at which Watanabe serves as CEO of Japan operations.

“In the Czech Republic, we have more than 230 Japanese companies; on the other hand, here in Japan we have only about 20 Czech companies,” says Watanabe. “I am not satisfied with this. I would like to increase this number, and wish Czech companies would bring more Czech products and services to Japan.”

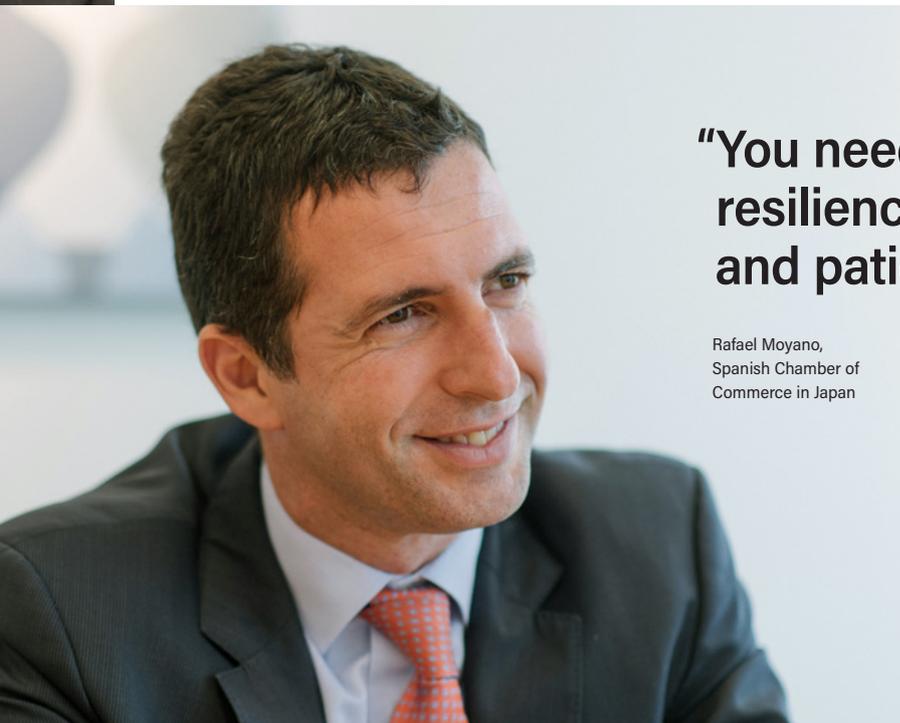
The chamber has received “great support from the Czech Embassy in Tokyo,” says Watanabe, and the ambassador is its honorary chairman. Meanwhile, the chamber’s Czech Business & Culture Networking Events, held four times a year, are attracting more than 120 attendees.

Beyond business interests, each chamber is intent on promoting its national culture.

“We are also participating at the events our embassy organises, such as the Czech Festival in Tokyo, so our members can introduce some Czech culture too,” explains Watanabe.

“Spain is no longer seen in Japan as just sea and sun, but has also become known for its culture and gastronomy,” suggests Moyano.

“The Olympics are coming and at the opening ceremony, before the Japanese flag comes out, the Greek flag comes out. It’s okay to remind the Japanese that Greece has something to do with the Games,” Andriotis understatedly says. ●



“You need resilience and patience”

Rafael Moyano,
Spanish Chamber of
Commerce in Japan

Italian Ambassador to Japan
Giorgio Starace

Broker of peace, champion of prosperity

Throughout his 32-year career in the foreign service, Ambassador Giorgio Starace has had postings on almost every continent. In addition to working at embassies in Guatemala and Beijing, he has served as diplomatic advisor to the minister of agriculture in Rome, head of press at the Permanent Mission of Italy to the United Nations in New York, deputy ambassador to India in New Dehli, ambassador to the United Arab Emirates (UAE) in Abu Dhabi, and most recently as special envoy for the Italian minister of Foreign Affairs for Libya. At the end of March, he was appointed as the new Ambassador of Italy to Japan. Ambassador Starace spoke with *Eurobiz Japan* about his involvement in establishing a democratic government in Libya, how he plans to strengthen trade relations between Italy and Japan, and his thoughts on why Italians are so healthy.

Could you tell me about your time as ambassador to the UAE?

I can give you a personal experience that was very touching. I had many opportunities to participate in the Majlis, the traditional assembly, of his Royal Highness Sheikh Mohammed bin Zayed Al Nahyan. It's the time, every Monday, when the Sheikh consults with society. You have all these groups that come to this gigantic hall and he takes the whole afternoon shaking

hands and talking with everyone. There are 300 to 400 people each week. It's how the Sheikh keeps in contact with his people, and also ambassadors. There was always a moment reserved where we would have the opportunity to give important messages to him directly. It was also very interesting meeting the big tribes of the UAE — they are always so warm and welcoming. And with them wearing their white *kandura*, it's a beautiful scene.



“Italy and
Japan are two
protagonists of
world culture”



MORE THAN RED

CEO of Ducati Motor holds press conference at the Italian Embassy



Some 50 members of the Japanese and Italian press were invited by Claudio Domenicali, CEO of Ducati Motor Holding S.p.A., to a press conference, entitled "More Than Red", on 21 April. The newly appointed Italian Ambassador to Japan, Giorgio Starace, provided the venue, the Italian Embassy. Domenicali shared his thoughts with the press on the history and the future plans for the Ducati brand.

At his first press conference in Japan since becoming CEO, Domenicali explained about the core elements of the Ducati brand: style, sophistication, and performance. Ducati's sporty and high-perfor-

mance product line is complemented by the Scrambler, with a core brand value of "free spirit", and the XDiavel, with European technology that reflects an American style. He also spoke of how Ducati has attracted new drivers and greatly grown its business in recent years, and emphasised how improved lifecycle management has been crucial to business growth. Domenicali also announced that Ducati will reinforce the Multistrada brand — and show off its wild side — by giving it full off-road capabilities.

Ducati has experienced eight consecutive years of growth. In 2016, global sales grew by 60%, while sales in Japan grew over the same period by 50%. The success of Ducati in Japan is special to the company because they are competing against the world's top four motorcycle manufacturers on their home turf.

To ensure that Ducati remains the preferred choice among consumers, Domenicali explained how the company is maintaining long-distance capabilities that will allow for longer, more comfortable rides. It will also continue to provide high safety performance, and low-cost maintenance performance.

Investments in human resources are also enabling Ducati to succeed in Japan's unique market place.

The latest models and 2017 vehicles presented by the CEO at the press conference have been rolled out through the Ducati Japan dealership network since the end of April.



“The two economies are extremely mature and ready for another very big jump”

What did you do as special envoy to Libya?

I was involved in the negotiations that were going on in several capitals, but especially in the coastal city of Skhirat in Morocco. That is where we arrived at the conclusion of the political agreement that is now the basis for the provisional government ruling part of Libya. It is supported by the international community and by the United Nations through a number of resolutions of the Security Council. The Fayez al-Sarraj government is in charge now in Tripoli. And this was very much my task — helping the al-Sarraj government begin its work. I can tell you it was not very easy. But so far, we've succeeded. Together with our partners, we have managed — up until this point — to avoid civil war in Libya, which is a very important result. And now Italy is actively engaged in shaping a large consensus for the al-Sarraj government, but also for a transition that should bring the country to general elections that could be held in 2018.

Libya is very complicated. But, in my opinion, it is a country that is going in the right direction.

How would you describe the relationship between Italy and Japan?

It's a very intimate relationship. The two countries are very, very close. And they have so much to share. Italy and Japan are

two protagonists of world culture, and are both very proud of their cultures. They have very strong soft power.

The Japan Pavilion at the Milan Expo — a large international exhibition that lasted for one year in

Milan — was the most visited pavilion by the Italians.

In what ways is the embassy working to strengthen trade relations between Italy and Japan?

First of all, we will hold meetings with Italian and Japanese companies almost every month — these will be divided into sectors. For example, maybe the first meeting will be on fashion. So, you'll have Japanese and Italian companies operating in fashion. These meetings will be a way to do some networking, but also a way to imagine further strategies.

We are also very interested in helping the FTA between Japan and the EU reach a conclusion. Through that, we will see an increase in the trade between

Italy and Japan, and of opportunities. The two economies are extremely mature and ready for another very big jump. If you see the latest data from the first four months of 2017,

even with the current tariffs, Italian exports have grown overall by 7%, and continue to grow in several sectors in the Japanese market, including chemicals, tobacco, fashion, industrial machinery, agri-food and automotive. Out of all the markets in the far east, Italian exports to the Japanese market are by far the highest this year. Japanese exports are faring the same in Italy. Last year we did €10 billion in trade. With the FTA, we could really see this jump even more, making Japan one of the largest markets for Italy. After the FTA between the European Union and

South Korea, Italian exports increased a lot. So, there are big opportunities.

In March, the Bloomberg Global Health Index was released, ranking Italy as having the healthiest people in the world. What would you attribute this high level of healthiness to?

Italy, together with Japan, has the highest life expectancy and the oldest population. There are scientists that say this is due to the so-called Mediterranean diet. It has a lot in common with the Japanese diet, because it's very much focused on preserving authentic flavours, and the products have to be fresh. A lot of fish, a lot of vegetables and fruit. Not a lot of fat; olive oil, not butter.

We also have this idea that you have to live your life as best as you can. It helps a lot in having a healthy life and long life expectancy.

Italians are hard working people, but they also often think about where they want to go for their holidays; it's a part of our mindset.

This helps remove the stress from our lives.

A third component is surely pleasure, to indulge as much as possible in the pleasures of food, fun, sports. Everything involving the health of the body is very much on the minds of Italians.

Italy is made up of a lot of these little towns where you have plazas that are made for people to meet and to talk. This helps enrich our lives, because healthy communities and relationships also help us stay healthy. ●





Italy

Excellence for the everyday

Try to think of world-renowned Italian brands, and most of the ones that come to mind are counted among the very best in the high fashion or luxury automobile industries. But the nation is also home to numerous well-established companies that deal in the practical, the functional and the everyday — many of which have a strong presence on the international stage.

One such company is De'Longhi, which produces small domestic appliances — such as portable heaters, air purifiers, coffee makers and appliances for the kitchen — that are easy to use, and have distinctive designs. Since its founding in 1902 by the De'Longhi family, the company has expanded around the globe, having come to Japan in 1995. De'Longhi has also added extensively to its product range over the years — helped along by the acquisition of British appliance-maker Kenwood in

2001, and after buying the rights to Braun's household products in 2012.

And what could be more practical than the very floors we walk on? Established in 1935, Marazzi has become one of the world's leading manufacturers of ceramic tiles and is present in more than 140 countries. Through the years, several of the firm's patented techniques have helped to transform the ceramics industry. One example is the Enduro process, part of a special production line where tiles are glazed in the kiln while still red-hot. More



recently, Marazzi has created porcelain stoneware tiles that look and feel like wood.

If going to the gym is part of your daily routine, Italian manufacturer of fitness equipment Technogym exists to give you the best, most effective workout possible. The company estimates that 35 million people in more than 100 countries regularly use its equipment to exercise in places such as clubs, hotels, universities and private homes. Technogym produces some of the world's finest exercise machines, evidenced through the fact that it has been chosen as the official supplier of athletic training equipment at most Olympic Games since the Sydney Olympics in 2000.



Ice cream may not be for every day, but Carpigiani is there for you when you need a treat. Incorporated in 1946, it is a leading manufacturer of professional machines for the production of gelato, soft ice cream and desserts, holding roughly half of the global market share. With clients in the hotel, pastry and restaurant industries, it is estimated that every day, over 100 million people around the world eat ice cream produced by Carpigiani machines. The firm also operates its own school, the Carpigiani Gelato University.

Helping people in 33 countries enjoy their down time is the publishing firm De Agostini. The firm, headquartered in Milan, can trace its roots back to 1901. It accounts for 50% of the worldwide market for partworks, a magazine-like publication that is released in instalments over a fixed period of time and designed to form a complete set. De Agostini's extremely diverse range of products include works in areas such as popular culture, history, art, cooking and language, as well as music and film collections, and collectable models – which are very popular in both Europe and Japan.

While many Italian firms are more visible because of their reputation in the luxury space, don't forget that there are many others that ensure excellence for the everyday. ●



Area
301,340 km². Coastline: 7,600km.



Climate
Predominantly Mediterranean; alpine in far north; and hot, dry in south.



Major cities
Rome (capital), Milan, Napoli, Torino, Palermo and Genova.

Population
61,855,120 (July 2015, estimate).
Urban population:
69% of total population (2015). 42.74% are 25-54 years.

Natural resources
Zinc, mercury, potash, marble, barite, pumice, fluorspar, feldspar, pyrite (sulphur), natural gas and crude oil reserves, fish, and arable land.



 **Trade with Japan**

Imports from Japan: ¥511.4 billion
Exports to Japan: ¥951.7 billion

SOURCE:
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A LOOK AT SOME COMPANIES FROM THE REGION



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**"I've always
been inquisitive"**

Curiosity and discovery

Magnus Hansson

In a *LIFE* magazine article from 1955, Albert Einstein is quoted as saying, "The important thing is not to stop questioning. Curiosity has its own reason for existence."

Magnus Hansson, CEO of Jaguar Land Rover Japan, is someone whose curiosity has defined his life's trajectory.

"I've always been inquisitive — since I was a little boy," he says. "And I've always had a thirst to understand things."

Starting with a fascination of the natural world early in life, he developed an interest in fields such as science, astronomy and history, and would spend time at home poring through his parents set of

encyclopaedias. Eventually, he developed an itch to travel.

"I wanted to know why the world was like it was, and I ended up reading a lot about it," he recalls. "From that came a natural desire to visit that world."

Hansson was born in Gothenburg to a Swedish father and Japanese mother. Although he didn't speak much Japanese at home, his curiosity about his roots prompted him to start taking Japanese classes in high school. He continued his Japanese studies at university, and even went on a year-long exchange to Osaka University of Economics.

Hansson decided to major in international business, thinking that this would put him in a position to see more of the world he was so keen to continue exploring.

"I knew I definitely wanted to work in an international business environment," says Hansson. "I love Sweden, but I couldn't see how I ever could be satisfied working in a very domestic Swedish business."

It was the right decision to make — his career has taken him around the world. In addition to travelling extensively on business throughout almost every continent, he has lived in Canada and Hong Kong, and since November 2013, he has headed up Jaguar Land Rover's Japan operations.

"Jaguar and Land Rover are two great, iconic British brands," Hansson says. "These brands were down and out 10 years ago, but they are now on a global comeback. In the last five or six years, we have seen a real upswing, with massive investments in new products and technologies."

The brands in Japan have had a similar story.

"Last year, we had our best year in over 15 years," he notes.

"There is more visibility, and we're seeing a new crop of customers showing interest in us."

The secret to the company's successful revival is a great new line-up of products and proactive marketing efforts, according to Hansson. It has just released its first Jaguar SUV, the F-PACE; and Range Rover EVOQUE, launched in 2011, continues to be a global hit.

Jaguar Land Rover has learned the important lesson that its survival depends on always questioning and actively working to find out what its potential customers really want. Perhaps it's fitting that one of the firm's longest-selling vehicles is called DISCOVERY. The fifth generation of this Land Rover brand SUV is being launched this month.

Some of the valuable discoveries that Hansson made when he was young remain passions for him today. He was exposed to classical music growing up, and had an appreciation for composers such as Mozart, Beethoven and Tchaikovsky. Then, one day, when he was nine or ten, he came across a programme on TV that had a huge effect on him.

"I saw Led Zeppelin and Deep Purple performing on one of these music shows, and instantly fell in love with them," Hansson says. "Both the music, but above all, the characters — these were the coolest people I'd ever seen in my whole life."

Since that day, he has been a fan of rock and hard rock. However, with two children at home, the challenge today is actually listening to the music he loves.

"It's very difficult to be in control of your stereo," Hansson laments. "Especially given my choice of music — be it classical or Zeppelin — there's usually resounding opposition. The car is my music haven." ●

Do you like natto?

Time spent working in Japan:
Three-and-a-half years now.

Career regret (if any):
When I started working, I should have tried to enjoy myself in the here-and-now a bit more, rather than worrying about what's going to happen next.

Favourite saying:
Treat people the way you want to be treated yourself.

Favourite book:
I must have read Roald Dahl's *Charlie and the Chocolate Factory* at least 20 times. His books taught me to read. It's great to be revisiting his stories again with my kids.

Cannot live without:
New challenges. I get bored when there's nothing new to learn.

Lesson learned in Japan:
Be very clear on what you expect. Then back away, and give your team the time and space to come up with their own solutions.

Secret of success in business:
Be confident in what you believe is the right thing to do, but stay open to change.

Favourite place to dine:
Any good quality *izakaya* with great beer.

Do you like natto?:
Afraid not. It's probably the only thing in Japanese cuisine I don't like.



In April, German-headquartered global pharma firm Boehringer Ingelheim reported worldwide sales growth for 2016 of 7.3% to €15.9 billion, and a jump in operating income to €2.9 billion. This success was driven in no small part by its commitment to innovation, evidenced by the €3.1 billion it spent on R&D.

“We outgrew the market — which grew by 0.2%,” explains Pöhl. “Our growth was 1%, which doesn’t sound spectacular, but it’s five times the market growth rate.”

Globally, the company invests around 20% of its sales revenue in R&D, including through alliances with other companies and with academia.

“We know we can’t find all new mechanisms ourselves, so we need to be very well-connected,” says Pöhl.

“This brings me to one of my hobby horses, that we are investing a lot of that in Japan,” Pöhl adds. “We believe

looking at the area of hearing loss, which is beyond our usual R&D scope,” states Pöhl.

A major cause of hearing deterioration is the loss of the tiny hairs that convert sound to impulses that the brain can read, according to Pöhl.

“Humans cannot grow new hairs, but birds can actually do that; we need to find out why they can and if it is possible for humans to do so as well,” says Pöhl, who notes that the research is not specifically looking at birds but, rather, is investigating the mechanisms involved.

While such research may bear fruit down the line, a more immediate concern is the regular expiration of patents in the pharmaceutical industry. This allows cheaper generic versions of treatments to hit the market, making an impact on profitability.

“So, either we have new products that really bring value to doctors and patients, or we go out of business,” states Pöhl.

In recent years, Boehringer Ingelheim has launched a number of new products that Pöhl describes as delivering “improvements to the status quo for patients, or even therapies that have not been available for certain groups.”

These include OFEV, a treatment for idiopathic pulmonary fibrosis, a life-threatening lung condition; and Jardiance, a product to lower blood-sugar levels for diabetics. Jardiance has shown a

38% reduction of cardiovascular death — the first oral anti-diabetic treatment to do so, according to Pöhl. It also brought Prizbind to market, a complementary treatment to its anticoagulant Prazaxa product. Prazaxa thins blood to help prevent strokes, while Prizbind rapidly reverses that process, and is administered if a patient requires emergency surgery — which cannot be conducted if blood doesn’t coagulate.

Those products, too, will one day be joined on the market by generic alternatives, which Pöhl says the company accepts as “an important element” in the market.

“However, we decided our job is to come up with new innovative products, so we have stopped producing generics,” states Pöhl.

Focused on innovation

Boehringer Ingelheim Japan

“That is one of the benefits we have as a company that is not listed on the stock exchange,” says Thorsten Pöhl, president of Boehringer Ingelheim Japan, referring to the lack of pressure for short-term profits from shareholders at the family-owned firm.

The company posted local sales of ¥258.6 billion, the highest since it established Japanese operations in 1961 and the culmination of 14 years of consecutive growth.

in the strength of science and academia here, which was evidenced by the last two Nobel prizes for medicine going to Japanese researchers. We are the only multinational pharmaceutical company doing real R&D in Japan for our global operations.”

One guiding light in the company’s approach to R&D is what it calls RBB, research beyond borders, which refers to the absence of both geographical and conceptual constraints.

“In RBB, we are working with Kyoto University and

“Our growth was ... five times the market growth rate”

“We believe it’s either/or, and it’s very difficult to be in both worlds. Everything we do is focused on innovation; if you’re in generics you have to be focused on costs. So, we divested ourselves of our remaining generics operations, which were in the United States.”

The divestment was part of a strategic realignment, which saw an asset-swap with Sanofi in 2015, whereby the French pharma took Boehringer Ingelheim’s consumer healthcare division in return for its animal health business Merial. The integration of Merial with Boehringer Ingelheim’s animal health operations is moving ahead smoothly, according to Pöhl.

“The key thing is that our portfolios are completely complementary,” he explains. “We have been stronger in livestock products, whereas they have been historically stronger in pet products.”

Pet health products bring benefits to humans, suggests Pöhl, because of the way pets often act as companions for people, “so when we help the pet, it has a positive influence on human health.”

One example of this is NexGard Spectra, which treats heartworms, fleas and ticks – three problems that particularly effect dogs in summer – in a single treatment. Japan has become the top global market for the product.

Research into livestock treatments also benefits humans, according to Pöhl.

“Livestock are, to a huge extent, being treated with antibiotics – not just for treatment, but also prevention”, says Pöhl. “This is very bad for humans because it has a big effect on the resistance of bacteria to antibiotics.”

And there are many who die as a result of being infected with bacteria that has become resistant to the existing antibiotic portfolio.

“Our approach is to use vaccines instead, and that is what we are working on,” he adds.

Boehringer Ingelheim is currently in a consolidation phase of its product portfolio.

“We have launched so many new products recently that what we will be doing now is maximising their growth, especially in the diabetes and oncology respiratory areas,” says Pöhl. “This will be it for the next two to three years; then we will start with the next wave of products.” ●





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Gary C. Lynch
*General Manager Asia Pacific (Pre-Clinical)
& Representative Director
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Who's Who

MEDICAL DEVICES

PHILIPS

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Hiroyuki Tsutsumi
Chief Executive Officer

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Key People



Danny Risberg
Chairman,
Philips Electronics Japan
danny.risberg@philips.com



Yoshiko Furuhashi
Head of Health Informatics and
Emerging Business
yoshiko.furuhashi@philips.com



Kazuo Watanabe
Head of
Philips Respiration Japan
kazuo.watanabe@philips.com



Kiminobu Yoshida
Head of Government
& Public Affairs
kiminobu.yoshida@philips.com

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Meals on wheels

The on-demand meals revolution

Ride-hailing app Uber has disrupted transportation networks in countries around the world, but not in Japan. Due to stringent regulations, its presence here has been limited to rides in luxury sedans operated by Japanese taxi and limousine companies. But one way the California-based startup has been gaining visibility here is through the growing industry of on-demand meal deliveries.

UberEATS was launched last autumn in Japan following its debut in California in 2014. The platform partners with restaurants and promises to deliver meals in under 30 minutes after receiving customer orders, which can be placed through the UberEATS app. It began with 150 eateries in Tokyo, ranging from trattoria Dal-Matto to *yakiniku* chain Toraji, and lured users with discounted meals and free delivery in parts of the capital — otherwise the fee is ¥380. Part of the app's appeal is that it collects an array of restaurants in one place. This makes it easier to order, rather than first having to search individual websites or look up specific phone numbers for pizza or whatever you're craving. Tipping isn't necessary, which is always the case in Japan.

It's not surprising that UberEATS has many competitors. Some deliver food themselves — UberEATS uses a team of cyclists in Tokyo — and others rely on restaurants or third parties. Since 2015, Japanese online shopping giant Rakuten has been delivering meals through its Rakubin! service, which offers delivery in as little as 20 minutes, as

well as real-time tracking of the driver or cyclist bringing your meal. It has even experimented with delivering hamburgers to golfers via drone. Overseas, platforms such as Seamless, Doordash, Foodler and Grubhub are part of the \$150 million business operating in over 1,100 cities in the US and the UK.

Funding for takeout startups peaked in 2015, and online deliveries have become part of everyday life for many consumers in developed countries. But the industry has room to grow: McKinsey & Company estimates 90% of the €83 billion worldwide food delivery market still consists of the traditional model of calling up a local restaurant for dinner.

But app takeout comes with a price. Each added layer of convenience costs an average of

the app's appeal is that it collects an array of restaurants in one place

11% more than traditional ways of obtaining meals and food, according to a report by Lux Research. Its report covered everything from online orders of groceries and meal kits — which require some preparation by the consumer — to ready-to-eat meals from restaurants.

“Aligning with increasingly mobile lifestyles, food delivery services will expand outside the home, offering the next level of convenience,” Lux Research said in a press release. “Developers will diversify to include personalisation based on health status, flavour preferences, and even current mood.” ●





See No Evil

Japan's press freedom is in a downward spiral

The annual release of the World Press Freedom Index by Paris-based media watchdog Reporters Without Borders (RSF) has become something of a painful ritual in Japan. Since 2010, when the nation's ranking peaked at 12, it has steadily declined to 72 (out of 180 countries) — a dismal position that it maintains in the latest poll for 2017.

The Index is dismissed by some as quixotic and unreliable: Does Japan really deserve to be nine places lower than South Korea, for example, where defamation laws were recently used to (unsuccessfully) prosecute a South Korean history scholar, and a correspondent with the Sankei newspaper? By contrast, Freedom House, another poll, puts Japan at 44, well ahead of South Korea at 66.

Yet, there are other warning signs. Japan has been demoted to the status of “flawed democracy” by the Economist Intelligence Unit, along with the United States, South Korea and India. Also, UN Special Rapporteur David Kaye warned last year of “serious threats” to the independence of the Japanese media, after interviewing about 100 journalists and editors, most of whom insisted on anonymity.

Ever wary of foreign sleights, the Japanese right has leapt into action. A group called Academics' Alliance for Correcting Groundless Criticisms of Japan has led criticism of Kaye, who they say was manipulated by left-leaning activists and journalists. More worrying, perhaps, was the needlessly defensive response by Foreign Minister Fumio Kishida, who lamented that his government's views were “not sufficiently reflected” in Kaye's report.

So, is the Japanese media free? The response to Kaye's press conference last

year gives some clues. Though given widespread coverage in the liberal media in Japan — notably TBS, TV Asahi, and the *Tokyo Shimbun* — the press conference was all but ignored by the country's most powerful broadcaster, NHK, and Japan's most-read newspaper, the conservative *Yomiuri Shimbun*.

Inadvertently, that helped prove Kaye's point about self-censorship. Japan's most powerful media has long pulled its punches. One study, for example, found that the large anti-nuclear demonstrations following the Fukushima



nuclear accident in 2011 received a total of just 686 words in the (pro-nuclear) *Yomiuri Shimbun*. NHK hardly bothered to send a camera to Yoyogi Park, a stone's throw away from its headquarters in Tokyo, where many of the protests occurred.

Or, note how the big Japanese newspapers have reported the controversial dispatch of the Izumo “escort vessel” (as opposed to “warship”, “destroyer” or “flat-topped carrier” — all used to describe it elsewhere) to “protect” a US military supply vessel sailing to “assist” in calming (not, as many believe, “adding to”) rising tensions on the Korean Peninsula. Even if a hot war

doesn't break out, the tedious war of euphemism has begun.

One reason is clear, said Kaye: Japan's press club system, which shackles journalists to official sources, encourages them to collude with power, discourages independent lines of enquiry and avoids controversy. Critics say press clubs are elite news management systems, channeling information directly from the bureaucracies of the powerful to the public.

Consumers of Japanese media have learned to read between the lines of often bland newspaper print. They also avidly consume the more aggressive and confrontational journalism on offer in magazines such as *Shukan Bunshun*, which sells about 420,000 audited copies a week. Such magazines were set up after the Second World War to cater to a new urban readership that felt the mainstream media was not telling the whole story.

It is important to note, however, that while Japan has its own distinctive features, it is not unique. The RSF alarmingly notes the dangers of declining media freedom *throughout* the world, especially in leading democratic countries.

“Democracies began falling in the Index in preceding years and now, more than ever, nothing seems to be checking that fall,” it warns. “Where will this downward spiral take us?”

That question should be on everyone's mind. ●

David McNeill writes for *The Economist* and other international publications.





Tackling obstacles to women's economic participation

ACCJ-EBC Healthy Women, Healthy Economies event

If women are unhealthy, they are often unable to participate as fully as they would like in the workforce. What can be done to ensure better health for women so they have more fulfilling lives and, in turn, can help their countries' economies stay healthy?

This is the question that was addressed at the Healthy Women, Healthy Economies event on 17 May at the Grand Hyatt Tokyo, hosted by the American Chamber of Commerce in Japan and the

firm Merck, spoke of the vital role that women play in the global economy.

"The private sector is nothing without healthy employees," she stated. "To have strong economic growth and remain competitive globally, countries must continue to invest in their populations and, increasingly, in their female populations."

Garijo was involved in developing a policy toolkit for the Asia-Pacific Economic Cooperation, a forum comprising 21 Pacific Rim economies, to help private and public stakeholders overcome barriers to getting a greater number of women in the region involved in the workforce.

"Some of the actions we have collectively identified are very straightforward," she said. "For example, treatment guidelines for noncommunicable diseases are often created based on the male population's symptoms. This can lead to misdiagnosis and delayed treatment for women. By addressing this, we have already made an impact."

Kiwa Chinen, the second speaker at the event, is director of the recently established Women's Health Promotion Office at the Ministry of

Health, Labour and Welfare (MHLW). She noted that the government's support for women's health needs to "reflect the fact that a woman's mind and body change greatly during each life stage," and that the government's policies need to adapt to "changes in women's health issues brought on by increased employment, changes in marriage norms, and longer life expectancy."

Chinen aims to promote the government's

services in the hope that more women will avail themselves of the different types of support available. Preventable issues she mentioned included a rise in cases of sexually transmitted diseases, including syphilis and HIV, and the fact that fewer than 45% of Japanese women get tested for cervical or breast cancer.

The third speaker was Akiko Matsumoto, president of the NPO Fine. Matsumoto and her organisation are involved in awareness activities, education and counselling regarding infertility. She underscored the fact that infertility does not just affect a minority of Japan's population. According to data from 2014, one in five couples undergo infertility treatment, and one in 21 children have been born through in vitro fertilisation or assisted reproductive technology.

A survey Matsumoto conducted of 2,265 women undergoing infertility treatment revealed that 91.9% felt balancing work and treatment was very difficult. And some 42.3% of these women decided to find a less-demanding job, go on leave, or quit.

Education about infertility in the work place is essential, according to Matsumoto. Only when employers understand this issue and provide better support for their female employees will women be able to hold positions in their companies for the long term.

"At the end of the day, when women do better, economies do better, and so do businesses," Garijo said in the conclusion of her talk. "As with so many issues, real progress can only be made if we in the private sector collaborate very closely with the public sector, in order to address the challenges ahead of us." ●



European Business Council. The three speakers shared what is being done in the public and private sectors to help women around the world — and specifically in Japan — to remain healthy and increase their economic participation.

Dr Belén Garijo, CEO of the healthcare business at pharma



Asset Management

Japan's industry is fragmented, insular and obsolete

These are busy times for the EBC Asset Management Committee. The Japanese authorities have implemented major initiatives over the past few years to encourage a shift of household financial assets from deposits to investments, while the asset management industry is expected to play an increasingly important role in a rapidly ageing society.

These efforts are generating a lot of discussion and recommendations from various quarters. The EBC's committee is one of the active players; its members sat down with officials of Japan's Financial Services Agency (FSA) on several occasions in the second half of last year. The meetings were a response to the committee's recommendations in the 2016 EBC white paper.

"We were very impressed by how the FSA was keen to listen to the experience of committee members," says committee chairman Nicolas Sauvage, who is also representative director at Amundi Japan.

The discussions covered three of the Asset Management Committee's advocacy areas. Its members have since split into working groups to draw up a list of what they believe are the specific problems with the "operational platform" of Japan's

asset management industry, according to Sauvage. Their aim for this year is to follow-up on last year's activities.

The operational platform basically refers to the infrastructure that underpins the way the asset management business is conducted. Japan's is "fragmented, insular and — in some cases — obsolete", in the words of the committee chairman.

Problems include a separation of Japanese yen and overseas assets for custody services; complex overdraft facilities for accounts; and a de facto impossibility to merge different funds.

"These limitations weaken the competitiveness of the Japanese asset management industry, and they limit the type of products or pension funds we can offer to Japanese retail investors," Sauvage explains.

The other key issue in the 2016 white paper is about "collective engagement". The committee is calling for this principle to be included in Japan's Stewardship Code, introduced in 2014. The Code is a set of principles aimed at encouraging institutional investors to become more actively involved in the companies they're invested in.

With collective engagement, different investors collaborate to engage with companies. This might take the form of regular meetings or conference calls involving the two sides. The committee states in the white paper that the practice is "an effective way for minority shareholders to hold boards accountable and influence corporate behaviour when improvement is desired."

Sauvage says: "We think this is important, especially for us European members, who may want to engage from time to time, collectively, with companies."

The challenge for regulators is to clarify the line between this form of collaboration and "acting in concert". The former is aimed at improving corporate governance. The intention of the latter, however, refers to shareholders working together in an attempt to take control of a company. Investors are required to declare any takeover intentions when their ownership exceeds a certain percentage.

The committee's members were happy to learn that collective engagement is included in the draft of a revised Stewardship Code. The FSA is expected to roll out the new measure this month.

The committee's hope is that its efforts will help lay the groundwork for a large-scale shift from household assets to investment, which can contribute to financial-asset building over the long term.

This shift will become critical as more Japanese people retire and need to draw on their savings to supplement their state pensions. Sauvage says his industry still has much more work ahead of it, given that bank deposits in Japan are continuing to grow, hitting a historical high of ¥700 trillion as of 31 March. Meanwhile, gross sales of mutual funds to retail investors are down more than 50% compared with the peak in 2015.

"This is a very important time," Sauvage says. "The infrastructure to develop financial savings is being reinforced, but the results of these efforts haven't arrived yet to the point where asset managers and distributors can say they've collectively succeeded." ●

Advocacy issues

Operational platform

The Japanese authorities and all stakeholders should work on making industry practices more efficient.

Collective engagement

The practice of collective engagement should be included in the revised Stewardship Code, to promote dialogue between investors and the companies they invest in.



Noh performer Yoshimasa Kanze is hosting a Noh event and special luncheon on 13 June.



Noh theatre, which began in the 14th century, is the oldest dramatic form in the world. This highly stylised, symbolic drama was added to UNESCO's Intangible Cultural Heritage list in 2008.

You can experience Noh up close at Keio Plaza Hotel Tokyo. On June 21st at 5:00p.m., we will be hosting a short live performance of the Noh play *Hagoromo*, or The Feather Robe, in the hotel's Lobby for visitors and staying guests. This performance of *Hagoromo*, one of the most frequently staged Noh dramas, will be directed by Tsunao Yamai, a leading Noh performer, instructor, and a Japan Cultural Envoy appointed by the Agency for Cultural Affairs to promote Noh.

This demonstration of Noh will also be an opportunity to learn first-hand about the ancient art form. Explanations will be given in both Japanese and English about the play itself and on how Noh masks and costumes are worn. First-time viewers will easily be able to understand and appreciate what they are seeing.

This complimentary staging is part of the hotel's Noh exhibition, on throughout the month of June. Before or after the performance, take some time to look at our displays of traditional carved wooden Noh masks, intricately woven Noh costumes, and artistic props used in *Hagoromo*. There are also paintings of *Hagoromo* created by renowned artist Kogyo Tsukioka, and charming Noh-themed works by illustrator Haruna Tokimatsu.

June

EXPERIENCE NOH THEATRE *UP CLOSE*

This demonstration of Noh will also be an opportunity to learn first-hand about the ancient art form.



July

Fragile beauty

For the 37th year, Keio Plaza Hotel Tokyo will be exhibiting exquisite antique Japanese porcelain from the southern island of Kyushu — the center of porcelain production from the 17th century to the mid-19th century. The exhibition will take place in the Art Lobby and along the second-floor corridor from July 1st to August 2nd.

At the same time, in collaboration with antique art dealers, antique Arita and Imari porcelain pieces will be available for purchase at Keio Plaza Hotel for the first time. There will also be pieces on sale by talented contemporary pottery artists. Discover the perfect gift for a friend, or for yourself.



Exquisite taste

Visitors and guests can also experience the beauty of Arita porcelain — including intricately painted Ko Imari (antique Arita) style dishes — when they select certain lunch and dinner courses at any one of our nine restaurants and lounges during the exhibition period.

French & Italian restaurant, Duo Fourchettes, is offering the French dinner course. Its nine dishes, served on Arita and Imari porcelain, include grilled sirloin *wagyu* beef from Saga Prefecture, rolled sole with scampi, and *yobiko* squid prepared three different ways: grilled, fried, and with *somen* noodles.

The Japanese restaurant, Kagari, is serving the Japanese dinner course, which includes three types of sashimi, grilled pike conger with Japanese *sansho* pepper, *ayu* sushi, and roast beef in a sweet-and-sour mustard sauce.

(Above left) French dinner course, FOUR
(Left) Japanese dinner course, Karatsu Monogatari

Premier Grand

An exclusive breakfast in our Premier Grand Club Lounge

In our Club Lounge, a special Japanese breakfast will be served on Arita porcelain dishware during the Japanese porcelain exhibition. The breakfast will feature some ingredients from Saga Prefecture. This exclusive experience is only available to guests staying on our Premier Grand club floors.



Our Executive Chef Hiroshi Ichikawa has collaborated with Food Specialist Makki Makimoto in creating the special breakfast.



2-2-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo 160-8330, Japan
Phone: +81-3-3344-0111 | Fax: +81-3-3345-8269 | www.keioplaza.com


KEIO PLAZA HOTEL
TOKYO

Diversity is moving Japan forward

Kaori Sasaki speaks about her diversity initiatives

You would be hard pressed to find a businesswoman in Japan with a broader range of business experience than Kaori Sasaki. She is founder, president and CEO of two companies — UNICUL International, a translation and interpretation service handling 70 languages; and ewoman, a diversity consultancy. She serves as an outside board member at five large corporations, including Japan Post and NEC, and as treasurer for two foundations and two major museums. Deeply involved in regulatory reform for over 20 years, Sasaki has been appointed to several government councils by three prime ministers. In 1996, she founded the International Conference for Women in Business, where many people from her extensive network — including leaders of industry, government and academia, as well as Olympians, astronauts and media personalities — have spoken. Sasaki sat down with *Eurobiz Japan* to discuss the conference, ewoman, and her work on diversity.

My life's work has always been about supporting diversity in management. And not just diversity of gender, nationality and age, but diversity of viewpoints. This is true in my own companies, in the conference I organise, and in my charity and civic work.

At ewoman, we focus on two areas. One is product and process innovation. We help companies in a range of industries — including automotive, food, banking and investment — to create new products or improve their existing products and services, usually from the perspective of working mothers and working women. For example, we recently helped both Ajinomoto and Kikkoman design products that have become huge hits.

Our second area of focus is corporate governance and human resources development. We support leaders in business who are implementing or managing diversity initiatives, and introduce female board members. Additionally, we conduct diversity training sessions for board members and executives, give lectures, and speak at conferences.

My other main diversity initiative is the International Conference for Women in Business, the largest women's conference in Japan. We discuss issues that affect diversity management, such as education, government and corporate policy, leadership, AI, marketing, evaluation systems and women on boards.

The speaker roster and the 1,000 participants are themselves diverse. The conference attracts CEOs, HR executives, entrepreneurs, educators, government officials, newscasters, as well as top-class athletes and musicians. Prime Minister Shinzo Abe has attended twice. Twenty-five different countries are represented. Male participation, now at 12%, continues to grow. Corporate participants also comment on the high concentration of female opinion leaders and executives, and they tell us that the experience was both transformative and inspiring. Over the conference's 10 hours, participants find role models, get ideas, and are spurred on by the passion of those they meet. The conference is a chance to see the power of diversity, and a starting point for many to incorporate that understanding into their own work.

As for achieving true diversity in business management and in policy-making in Japan, we aren't there yet. There is much that remains to be done, including further changes to the labour laws regarding working hours and working from home. But we have made great strides, and I've never been more optimistic about what we can accomplish in the years to come. ●

Kaori Sasaki is founder, president and CEO of UNICUL International and ewoman.



I started ewoman because I realised that diversity was key to Japan's future. Back then — in 2000 — many Japanese companies thought diversity meant hiring a few women. They didn't understand diversity, or realise its value in business development and impact on the bottom line.



On 3 May, the 70th anniversary of Japan's American-authored constitution, Prime Minister Shinzo Abe made a televised declaration stating that he would like to see the document revised in 2020. Changes would include a rewording of Article 9 — the clause that renounces war — to give the Self-Defense Forces the official right to exist. Some feel that such a change would threaten Japan's position as a pacifist nation. However, amid growing security concerns, including North Korea's missile programme, there is also a great deal of support for changes being made.

Do you think Japan should change its constitution?



To vote in the next Eurobiz Poll, find details in our Eurobiz Japan newsletter. Subscribe by visiting eurobiz.jp.



Modern golf bags

Your bag can make a fashion statement

In the old days, if you were starting out at golf, you'd buy yourself some old clubs, shove them into an old bag, heave it over your shoulder and head off for 18 holes at your local municipal course.

And then you find yourself in Japan ...

None of the above will do. In certain countries — Japan and South Korea come to mind — just having clubs, shoes and clothes is not enough. You have to make a fashion statement. And the first statement you can make is with your bag.

It's no longer enough just to have a receptacle for your clubs. You can't just throw your clubs in and look helplessly for the one you want. Modern, ergonomically designed bags have graded pockets for each of your 14 clubs, the maximum number permitted in golf competitions. If you carry extra clubs, the modern bag might not work for you.

But the golf bag has gone even further than this. The ProPod has a sleek, hard case with motorised wheels, a built-in GPS map and rangefinder, and even a rudimentary drinks cabinet. It's not the sort of thing you'll find in your local GOLF Partner shop.

Motorised golf bags are largely unnecessary in Japan as you almost never carry your own clubs. And even when you have a caddy, your golf bag is usually loaded onto a golf cart, which

invariably follows a pre-set path through the course. This is fine until you hit your ball into the trees on the right while the cart idles off to the left 100 metres away.

So, this has given rise to another bag requirement — the temporary bag, similar to a pencil bag. It is a lightweight bag to put a variety of clubs in that you might need before you are reunited with the golf cart. It doubles as a carry bag for when you go to the driving range and only want to practice with a few clubs.

But in Japan, bag buying doesn't stop there. If you're sending your clubs to or from the golf club via a *takyubin* delivery service, you're going to need another bag to cover the outside of your regular bag.

Those provided by the delivery companies are usually cheap and made of plastic, but offer only minor protection at best.

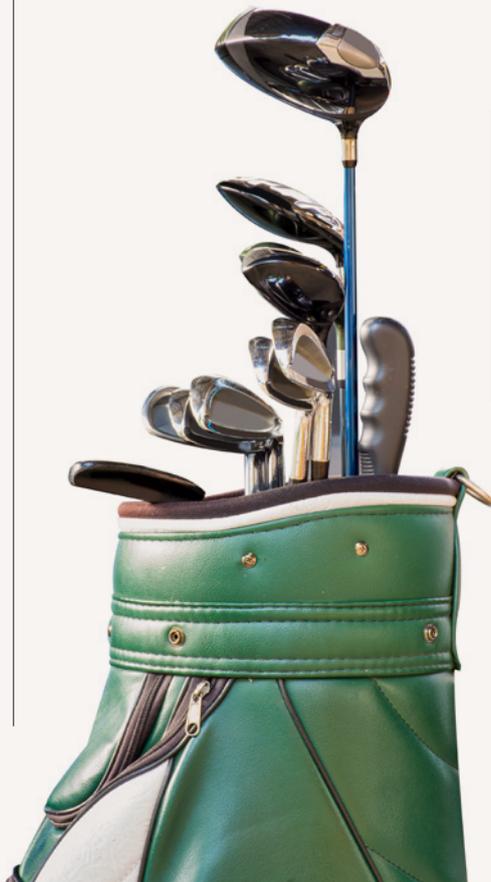
Time for an upgrade, obviously. You need a travel bag. The cheaper ones will be similar to the *takyubin* bags, but made from stronger materials. Go further up-market and you can get wheels on the bottom for

It's no longer enough just to have a receptacle for your clubs

easy manoeuvrability, while the top-of-the-range models are sleek, hard-case containers that can take a lot of pounding from delivery personnel and baggage handlers.

Once you've decided you need a new bag, all you need to figure out is what kind of design you want. We're talking golf here, so there's a full range from the plain to the plainly kitsch. Rolling Stones logo, check; Hello Kitty, check; heavy metal skull, check; dragon tattoo, check; Louis Vuitton, check; Star Wars stormtrooper, check; and my favourite, a full-size Dalmatian with self-standing legs.

If you play like a dog, that might be one way to give everyone a fair warning. ●





Debunking Bordeaux

The history and terroir of the world's most beloved red wines

Bordeaux, in southwestern France, owes much of its fame to its prime geographical location. Spread across the banks of the Garonne River, just inland from the Atlantic Ocean, Bordeaux became a vital international port city during the days of exploration and the slave trade. Winemaking inevitably became an integral part of the region's economy, with vine plantings dating back to Roman times.



More so than the French, the British and Dutch both wielded heavy hands in the development of Bordeaux's wine industry. When French Duchess Eleanor of Aquitaine wed King Henry II of England, her inheritance of Bordeaux became British territory. Trade grew between the region and England, as did England's love for red Bordeaux — which came to be known as Claret — a passion that still holds strong today.

Over the centuries, Bordeaux yo-yoed between French and British rule, and then in the 17th and 18th centuries, the Netherlands became a new major player. With the world's strongest fleet, the Dutch had a vested interest in Bordeaux, both as a major port city and as having a profitable wine trade. In order to increase production, they drained the marshy northwestern region of Médoc and turned it into a thriving grape-growing area. Today, Médoc produces some of Bordeaux's, if not the world's, best premium red wine.

If you've been intimidated in the past by Bordeaux's confusing wine labels and pleth-

ora of sub-regions, you're not alone. So, here are the basics.

On the left bank of the Garonne River lie Médoc to the north and Graves to the south, which are dominated by Cabernet Sauvignon plantings that thrive in the region's gravelly soil. On the river's right bank lie St-Émilion and Pomerol, whose clay limestone soil produces incredible Merlot. Cabernet Franc frequently constitutes the third grape in red Bordeaux blends. Bordeaux's maritime climate is marked by its proximity to the Atlantic, whose moderating influence produces wines of subtlety. This is why Bordeaux reds, compared to Napa Valley reds, often require more bottle-ageing to reveal their complexity.

When choosing a red Bordeaux, it's worth under-

standing the region's classification history. In 1855, Bordeaux wine brokers were requested by Napoleon III to create a ranking system that would showcase Bordeaux wines at the World's Fair in Paris. They created five classes for 60 top Médoc wine houses with the inclusion of Chateaux Haut-Brion from Graves, all of which were simply ranked by market price. The most expensive wines from the very best chateaux, were deemed First Growths, or *Premiers Crus*, with the majority falling under the Fifth Growths category, or *Cinquièmes Crus*. A lot has changed over the past 150 years, but this official classification still holds strong in the minds of wine buyers and aficionados today.

In 1955, the less famous Classification of St-Émilion grouped right bank wines into two large classes, the more prestigious *Premiers Grands Crus Classés* and the lesser *Grands Crus Classés*. Look for Chateaux Ausone and Chateaux Cheval Blanc, which are rated as *Premiers Grands Crus Classés A* — the best red wines of the right bank. ●





The Agenda

**JUNE
15**BELGIAN-LUXEMBOURG CHAMBER OF
COMMERCE IN JAPAN**Delighting Customers
in Japan XVI****TIME:** 18:30–21:00**VENUE:** BNP Paribas, Marunouchi**FEE:** ¥5,000 (members), ¥6,000
(non-members)**CONTACT:** info@blccj.or.jp**JUNE
29**BELGIAN-LUXEMBOURG CHAMBER OF
COMMERCE IN JAPAN**Belux Business Talk on
Artificial Intelligence:
David Malkin****TIME:** 12:00–14:00**VENUE:** To be confirmed**FEE:** Pay for your lunch only**CONTACT:** info@blccj.or.jp**JUNE
15**ITALIAN CHAMBER OF COMMERCE IN
JAPAN**New Architectural
Trends****TIME:** 18:30–20:30**VENUE:** Italian Chamber of Commerce
in Japan**FEE:** ¥3,500 (members), ¥5,000
(non-members)**CONTACT:** pr_support@iccj.or.jp**JUNE
29**SWISS CHAMBER OF COMMERCE AND
INDUSTRY IN JAPAN**Surviving & Thriving
in Japan:
Joëlle Sambuc Bloise****TIME:** 19:00–21:00**VENUE:** Okuno & Partners, Kyobashi
TD Bldg.**FEE:** Free-of-charge**CONTACT:** www.stofficetokyo.ch/
swissexperiences/**JUNE
19**BELGIAN-LUXEMBOURG CHAMBER OF
COMMERCE IN JAPAN**Monthly Beer
Gathering****TIME:** 19:00–22:00**VENUE:** Belgian beer café in Tokyo**FEE:** Pay for what you drink**CONTACT:** info@blccj.or.jp**JULY
6**IRELAND JAPAN CHAMBER OF
COMMERCE**Breakfast Briefing*****TIME:** 08:30–09:30**VENUE:** Irish Ambassador's residence**CONTACT:** secretariat@ijcc.jp

* Only for Corporate and Professional Members

**JUNE
20**CZECH CHAMBER OF COMMERCE AND
INDUSTRY IN JAPAN**6th Czech Business
& Culture Networking
Event****TIME:** 18:30–21:00**VENUE:** Czech Embassy in Tokyo**FEE:** ¥4,000 (members), ¥7,000
(non-members)**CONTACT:** event@cccij.com**JULY
15**GERMAN CHAMBER OF COMMERCE AND
INDUSTRY IN JAPAN**German Chamber
Talent Café****VENUE:** GCCIJ office**CONTACT:** talentcafe@dihkj.or.jp

* Also, on July 16 and 22.

**JUNE
21**SWISS CHAMBER OF COMMERCE AND
INDUSTRY IN JAPAN**Luncheon: William
H Saito, Japanese
Cabinet Office****TIME:** 12:00–14:00**VENUE:** Grand Hyatt Tokyo**FEE:** ¥6,500 (members), ¥7,000
(non-members)**CONTACT:** info@sccij.jp**JULY
19**SWISS CHAMBER OF COMMERCE AND
INDUSTRY IN JAPAN**Luncheon: Setsu Mori,
Chief Editor, Alterna****TIME:** 12:00–14:00**VENUE:** Shangri-La Tokyo**FEE:** ¥6,500 (members), ¥7,000
(non-members)**CONTACT:** info@sccij.jp



David G. Litt

Company: Keio University Law School
Official title: Professor
Originally from: Portland, Oregon
Length of time in Japan: 13 years this time (17 years in total)

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

Adito, in Setagaya, has the best, most creative *donburi* in Tokyo.

What do you do to stay in shape?

I ride my bicycle(s), anywhere and everywhere. I rode 1,450km over Golden Week all around Tohoku.

Name a favourite movie:

The Graduate. ("Plastics")

Favourite musician: Tough choice. Radiohead? The Chicago Symphony?

Favourite album: Radiohead's *OK Computer* or Nirvana's *Nevermind*.



Favourite TV show: This year, it's *Better Call Saul*.

Favourite authors: Michael Lewis, John Le Carré and Paul Auster.

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

I shared a newspaper delivery route with my sister when I was in middle school.

Cats or dogs?

Dogs!

Summer or winter?

In Japan, winter — especially, when it's dry and clear in Tokyo.

What's your ideal weekend?

A bike ride in the countryside, stay at an *onsen ryokan*, and back to town by train on Sunday.

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

Anyplace with good red wine or craft beer. I love Devilcraft, Baird Beer and PDX Taproom.



Steve Dewire

Company: Grand Hyatt Tokyo
Official title: General Manager
Originally from: Virginia, USA
Length in Japan: 2 and a half years

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

Naniwaya, in Azabu-juban, for their *yakisoba*.

What do you do to stay in shape?

I enjoy walking, cycling and doing workouts on the elliptical. Also, P90X workout routines.

Name a favourite movie: Recently, *The Lion*. And *Star Wars* always!

Favourite musicians: This is going to date me, but Earth, Wind & Fire; Chicago; and George Strait.

Favourite album: John Williams' score of *Jurassic Park*.

Favourite TV show: *Hill Street Blues* and *ER*.

Favourite book: *The Same Kind of Different as Me* by Ron Hall and

Denver Moore, and *Daily Guideposts*.

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

I love listening to flowing water, and find it soothing to be by a stream, river or lake.

Cats or dogs?

Dogs.

Summer or winter?

I'm partial to summer.

What's your ideal weekend?

Discovering new places and going to performances. I also enjoy photography immensely.

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

After a busy week in hospitality, I really like to go home and just have some quiet time.

“I love listening to flowing water, and find it soothing to be by a stream, river or lake.”



Saachi Partners

Saachi Partners is the fresh new face in the talent search industry in Japan. However, its founders are anything but. Mithun Soni and Ryoko Kamo have each been at the forefront of the financial services and healthcare markets for over a decade.

“Our clients come to us for inside information about their own companies — they say we know more than they do,” says Kamo. “We fill sensitive positions with top candidates who had no previous intention of changing their jobs. But what our clients value most are our honest assessments and credible insights for their businesses.”

This is an apt description of our name, Saachi, which means truth and integrity in ancient Sanskrit. ●

MITHUN SONI,
FOUNDER AND MANAGING DIRECTOR,
SAACHI PARTNERS CO., LTD.

RYOKO KAMO,
FOUNDING PARTNER,
SAACHI PARTNERS CO., LTD.





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JAGUAR F-PACE

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