

EURO BIZ JAPAN

MAY 2019

PONTUS HÄGGSTRÖM,
PRESIDENT AND CEO OF
FCA JAPAN LTD.

LA DOLCE VITA

*FCA Japan focuses on
the joy of driving*

➤ Tidying up space

The EU and Japan tackle the space debris problem

➤ Far more than fashion

Enrico Vattani, head of the Italian Embassy's Economic and Commercial Section

➤ The slow rise of the cashless society

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The Mission of the European Business Council
To promote an impediment-free environment for European business in Japan.



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La dolce vita

By Toby Waters





First Focus

From 27 April to 6 May, Japan enjoyed a once-in-a-generation, 10-day-long Golden Week holiday in celebration of the new emperor's ascension to the throne, the conclusion of the Heisei era, and the start of the new imperial age, Reiwa.

As a result, the nation travelled in record numbers. Travel agency JTB forecast that 24 million people would take domestic trips and 662,000 would go overseas.

It's far too soon to be planning for the next extended Golden Week holiday, but at least we can look forward to what's down the line in this new period of Japanese history.

Last stop for Heisei. All aboard for Reiwa.

Photo by Simon Launay
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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.

➔ *“I’d always wondered why there were still restaurants and shops in Japan that didn’t take credit cards. The answer is straightforward: processing fees that are more than double the global average. Even with new cashless payment systems, the fees are often around the same level, explaining why Japan is a laggard and cash is still king.”*



Tokyo journalist **Tim Hornyak** has covered technology in Japan for IDG News, CNET, Scientific American and other media. He is the author of *Loving the Machine: The Art and Science of Japanese Robots*.

➔ *“An article I wrote for Scientific American was about Hitachi’s radio-frequency ID chips, just 0.4mm wide. That was in 2008. Today, entire computers are being made that are smaller. They form ‘smart dust’, which can track goods, animals and environmental conditions, even harvest energy. This is one technology to keep an eye on — if you can see it.”*



Allison Bettin received her degree in journalism at the University of Hong Kong before relocating to Tokyo. She has written for *Eurobiz Japan* for more than three years on topics such as environmental technology, international economics, and wine.

➔ *“It was during my brief working holiday in Australia that I was exposed to all the benefits of the screwcap. But I still wasn’t convinced that age-worthy wines should lose the cork. After writing this month’s ‘Cellar Notes’, I’m on the screwcap bandwagon (as long as they continue to become more eco-friendly).”*



Paul Kavanagh has been Ireland’s ambassador to Japan since September 2018. He has also served as Irish representative to the United Nations, and as ambassador to France, China and the United Arab Emirates.

➔ *“In the space of one generation, Ireland’s attitudes towards LGBTI people have completely shifted. We have gone from prosecuting homosexual acts to advocating for LGBTI rights on the global stage. In Ireland, Japan and elsewhere, the work to end discrimination in all forms continues, but every individual can play a part in changing society’s attitudes.”*

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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.



MAKE THE MOST OF SUMMER

For two weeks, from 21 July to 3 August, the annual Jinseki Summer School will be giving children the chance to learn, explore nature and make friends in one of the most beautiful parts of Japan.

The Jinseki Summer School is based in the peaceful town of Jinseki-kogen, Hiroshima Prefecture, with the gorgeous Chugoku mountain range, rivers and waterfalls as its backdrop. It is also where the Jinseki International School – Japan's first

junior boarding school – will be opening in April 2020. The summer school offers a multilingual learning environment that keeps children active, stimulated and entertained with daily learning, exercise and activities in either our Academic Programme or Summer Programme.

Taught by visiting lecturers from a Swiss elementary boarding school, the Academic Programme for native English speakers helps students to expand their knowledge of science, maths, art, history, geography, PSHE and international mindedness all across one project, which is completed at the end of the programme.

The Summer Programme, taught in English, explores a range of different themes with a core question on each prepared for the students, who consider possible answers themselves under the guidance of a teacher. Summer course students who don't speak English will steadily gain English and global thinking skills thanks to the exploratory curriculum, which leverages children's natural curiosity.

We make sure that each child receives two hours of sports and exercise a day, and we work with the United Sports Foundation to promote adventurousness, enjoyment and unity for children through physical activity.

We also organise a number of activities for the evenings, including local cultural experiences and star-gazing.

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Make an impression

The Tensho embassy was the first official Japanese delegation to Europe, leaving Nagasaki in 1582 and returning in 1590. At the suggestion of the Jesuit missionary Alessandro Valignano, Lord Otomo Sorin, a Japanese Christian, sent the group of young noblemen to meet the pope in Rome. Valignano's aim was to have these recent Japanese converts experience the Christian world – including Italy, Portugal and Spain – firsthand and come back ready to promote the church in Japan themselves. It is said they were impressed with the Italian peninsula's architecture, art and weaponry.

Today, innovation in Italy continues to impress. The Milan Innovation District (MIND), which is currently being built on

the site of the Milan Expo, is expected to become a hub of scientific and technological research and education. Enrico Vattani, head of the economic and commercial section at the Embassy of Italy, told *Eurobiz Japan* that MIND was the focus of this year's Design Day, and that the project is attracting investors from all over the world, including Japan. Read the full interview in "Far more than fashion" (page 20).

Food and drinks from the Italian island of Sardinia are gaining the attention of

Japanese connoisseurs. Learn how entrepreneur Marta Sanna started an export management business, Sardegna Mia, and broke into the Japanese market in our new column, SME Corner (page 31).

On the May cover is Pontus Häggström, president of FCA Japan. In "La dolce vita" (page 10), he speaks about how putting a little of the Italian joy of living into each vehicle is an important element of the firm's success in Japan.

It's important to remember that those who are given a great first impression can become evangelists for your cause, or your brand. ●

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La dolce vita

FCA Japan focuses on the joy of driving

La dolce vita — or the good life, in Italian — is a life of beauty and enjoyment, often characterised by indulgence in culture, cuisine and clothing. But, according to Pontus Häggström, president and CEO of FCA Japan Ltd., and Tiziana Alamprese, the firm's marketing director, the Italian joy of living isn't found only in cinemas or restaurants — it can also be found in your car.

The Fiat Group from Italy and the Chrysler Group from the United States merged in 2012 to become Fiat Chrysler Automobiles (FCA). It has become one of the world's largest car manufacturers in terms of sales and has won many awards in the process.

While improvements and advancements to its products are vital, Häggström believes that the mission of FCA can be boiled down to one fundamental goal: making driving enjoyable.



“[We] put a little bit of Italy into every vehicle”



“We don’t design cars to win awards; we design cars to make people happy and excited,” he says. “Japan is known for cars. There are lots of domestic marques, but many are trade marques focused on transportation and utility. We want to bring more choice to Japanese consumers and help enrich Japan’s automotive culture.”

FCA’s brands Alfa Romeo, Fiat and Abarth, which are all steeped in their Italian roots, let the firm realise this objective.

Häggsström, who was born in Sweden, lived in Italy when he was young. His experiences there have had a significant effect on his approach to life and the philosophy he applies at FCA Japan.

“Italians are famous for knowing how to live life with joy,” he says. “We want to share a bit of that with the people who buy our cars, to put a little bit of Italy into every vehicle.”

Alamprese adds that the market in Japan is particularly receptive to this approach.

“I think that the Japanese have an adoration of the Italian way of life,” she says. “We are really lucky because Japanese people love Italy.”

Alfa Romeo recently launched its first diesel models, Giulia and Stelvio. Although FCA is a latecomer to the Japanese diesel market, Häggsström believes it has been worth the wait.

“We have historically excelled in making engines, and we’ve always been known to have very dynamic and sensory vehicles,” he says. “We wanted to wait for the Giulia and the Stelvio to become known in the marketplace and to have the right engine to offer the market. Alfa Romeo has always been known for its performance and driving dynamics, and we didn’t





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In 2005, only 15% of Fiat buyers were women in Japan. Now it's more than

60%

want to release diesel vehicles that would disappoint enthusiasts. With this all-aluminium, state-of-the-art engine, we are confident that we are providing two of the sportiest, most fun diesels on the market.”

According to Häggström, the emotional experience starts when you visit the dealer, which is designed to offer the same premium experience as driving an Alfa Romeo. Over the past two years, the entire dealer network has been upgraded in this spirit.

“The Japanese consumer is curious and very knowledgeable, and they appreciate heritage and authenticity – Alfa Romeo meets their expectations,” he explains. “It’s not a performance brand developed by an ad agency. Alfa Romeo has more than 100 years of history, and with our electrification plans and the return to Formula 1, we are excited about building the brand’s legacy in its second century.”

As for Fiat, it has become a well-known and popular car brand in Japan, with the compact Fiat 500 being a long-time bestseller and segment leader. Most notably, it is not only popular with men, but has become the car of choice for

many Japanese women. When Alamprese began her work at Fiat in 2005, only 15% of its buyers in Japan were women. Now, that number is at more than 60%.

Alamprese has made “love branding” a fundamental part of her marketing strategy in Japan. Love, she believes, is a key motivation for people to choose a Fiat, an Abarth or an Alfa Romeo.

To win the hearts of Japanese customers, she has been building a communications platform based on cultural projects that bring together Italian and Japanese art, music and gourmet food. Alamprese is also focused on associating the brands with causes that have a positive impact on Japanese communities.

Her particular focus on empowering Japanese women has been successful in terms of increased engagement and sales.

“The automotive industry is dominated by men,” she says, “but one thing that’s certain is that the real decision makers for more than 80% of the purchases are women – in the sense that even when they are

“The message is to tell everyone to be themselves, make their own choices and enjoy car life the way they want”

not buying the car themselves, they have a strong influence on the final decision.”

Among its various marketing activities focused on women’s empowerment, FCA Japan promotes NPOs supporting girls’ education, such as Room to Read, and those helping to improve women’s health choices, including I Lady. Alamprese has also created a section on the Fiat website called Ciao Donna to engage with female users in a distinctive way.

For Alfa Romeo, a brand with a unique



personality and identity, the focus of Alamprese’s “love branding” for the past eight years has been on helping to create a more inclusive society. Under the umbrella of “Be Yourself”, Alfa Romeo has been supporting diversity in sports, becoming a sponsor of Japan’s national blind soccer team, and has teamed with the Japanese NPO People Design Institute, which envisions a barrier-free world for less-able individuals. The brand is also a long-time supporter of Japan’s LGBT community. A red Alfa Romeo always drives in the Rainbow Pride Parade each year.

“The message is to tell everyone to be themselves, make their own choices and enjoy car life the way they want, not the way they are told to,” Alamprese says.

The work and success of Häggström and Alamprese have not gone unnoticed. Both have been knighted by the President of the Italian Republic for their work to promote Italian automotive culture in Japan.

FCA Japan’s open-hearted, pleasure-focused approach to business is the very definition of *la dolce vita*.

Whether you’re driving a Fiat, an Alfa Romeo or an Abarth, you can take the good life with you wherever you go. ●



TIDYING UP SPACE

The EU and Japan tackle the space debris problem

Houston, we have a problem. From epoch-making human exploration to the launch of weather and telecommunications satellites, our growing presence beyond Earth's atmosphere has generated a troublesome byproduct: space junk floating around in orbit that poses a risk to spacecraft and astronauts.

Space debris is a catchall term for any defunct, manmade material orbiting Earth — ranging from tiny flecks of paint and pieces of glass to spent rocket stages and entire satellites that have malfunctioned or run out of fuel — hurtling along at speeds of up to 28,000km/h.

Despite growing urgency to address the buildup of flotsam in “useful” orbits, which are populated by operational satellites, the international community has yet to agree on legally binding principles to mitigate the potentially catastrophic effects of space debris.

It is impossible to say exactly how much junk litters space, although the consensus is that six decades of human activity have generated more than 500,000 items bigger than one centimetre in diameter — about the size of a marble — that are now whizzing around us.

The European Commission has warned that the buildup of debris “represents a growing threat to European space activities”, noting that an object as small as one centimetre can damage or even destroy a satel-

lite. "By 2020, there is expected to be around a million of these objects in orbit," it says on its website.

High-velocity collisions in low Earth orbit — between 200km and 2,000km above Earth's surface — result not only in damage to satellites, they also cause disruption to internet connections, navigational systems and mobile phone coverage.

At present, countries with space programmes have a limited range of tools to protect their assets from the space junk menace. Some EU member states, for example, participate in space surveillance and tracking,

"Tackling the problem of space junk now is important because it may soon get out of hand"

which employs ground-based sensors such as telescopes and military radar to identify and monitor satellites and space debris.

There has been progress, too, in developing technology that, it is hoped, will one day be able to pluck potentially hazardous objects from space. In February, the RemoveDEBRIS project, an international consortium co-funded by the European Union and based at the Surrey Space Centre, successfully fired a "harpoon" at a planted satellite panel, proving that an orbital spring clean is more than the product of a fevered imagination.

Professor Guglielmo Aglietti, director of the centre, said in a statement that the harpoon experiment was "truly remarkable", adding: "This is RemoveDEBRIS' most demanding experiment, and the fact that it was a success is testament to all involved."

The world's three biggest users of space — Russia, the US and China — are responsible for most space debris, but the emergence of new national and private players has made the need to find a solution even more pressing.

"Tackling the problem of space junk now is important because it may soon get out of hand, due to collisions that will produce yet more space junk," according to the Tokyo office of Arianespace, a France-based launch services group.

Arianespace is addressing the issue by ensuring that its spent rocket stages are emptied of any remaining fuel, so they do not explode, and are jettisoned to ensure they burn up in the atmosphere.

Space debris hurtles along at speeds of up to

28,000 km/h

Errol Levy, a political counsellor at the Delegation of the European Union to Japan, noted that the EU and Japan agree on the need for a global set of voluntary norms that discourage countries with space programmes from turning outer space into a "satellites' graveyard".

"The European Union and its member states are particularly keen on safeguarding the long-term use of the space environment and would like to have the principles of responsible behaviour in outer space includ-



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ed within the framework of the United Nations,” Levy says.

Prevention is better than cure, according to Levy, given the quantities of space debris and the cost of removing it from orbit – if cleanup technology is ever perfected.

“No matter how successful you are in specific projects to develop technologies to clean up the space environment, you’re talking about hundreds of thousands of pieces of debris, so collecting any of that is a very expensive proposition,” Levy says.

“This is something that the EU and Japan have expressed their keenness to work on,” he adds, noting that the subject formed part of discussions at the Fourth Meeting of the EU–Japan Space Dialogue in March.

Options include “deorbiting” (bringing satellites out of orbit so they splash down in remote parts of the ocean) and sending satellites out of their “useful” orbits into those

“The European Union and its member states are particularly keen on safeguarding the long-term use of the space environment”

where they no longer pose a threat.

The prospect of thousands of mini-satellites orbiting Earth in the near future brings increased risks. But it also represents an opportunity for companies such as Astroscale, a start-up founded in Singapore in 2013 by Japanese entrepreneur Nobu Okada. It is developing “space sweeping” satellites to clean up debris.

“Astroscale aims to launch satellites to go up, rendezvous and dock with defunct satellites, then deorbit them,” said Jason Forshaw, the firm’s European R&D manager.

In a demonstration planned for 2020, an Astroscale satellite will launch, together with a dummy debris satellite and attempt to dock with the dummy debris using a magnetic capture mechanism. Both satellites will then deorbit so that they burn up in the atmosphere.

“Safety is a prime concern, especially in ensuring no further debris is produced,” Forshaw says. “However, Astroscale is not

more than

500,000

items bigger than one centimetre in diameter now litter space

only developing technical solutions to debris, we are playing a role in growing the debris removal market and actively discussing the regulatory environment for orbital debris removal.”

Satellite operators themselves are also taking action. Ruy Pinto, chief technology officer at SES, says 20 of the Luxembourg-headquartered firm’s 70-plus satellites operate in orbits above 8,000km, while the other 50 are at 36,000km, distances at which the risks from space debris are low.

“Whilst SES is engaged in the mapping and awareness of space debris, its assets are not directly affected,” Pinto states. “From an awareness-campaign perspective, we are building a close collaboration with the recently formed Luxembourg Space Agency, and space debris is among the topics we’re tackling.” ●

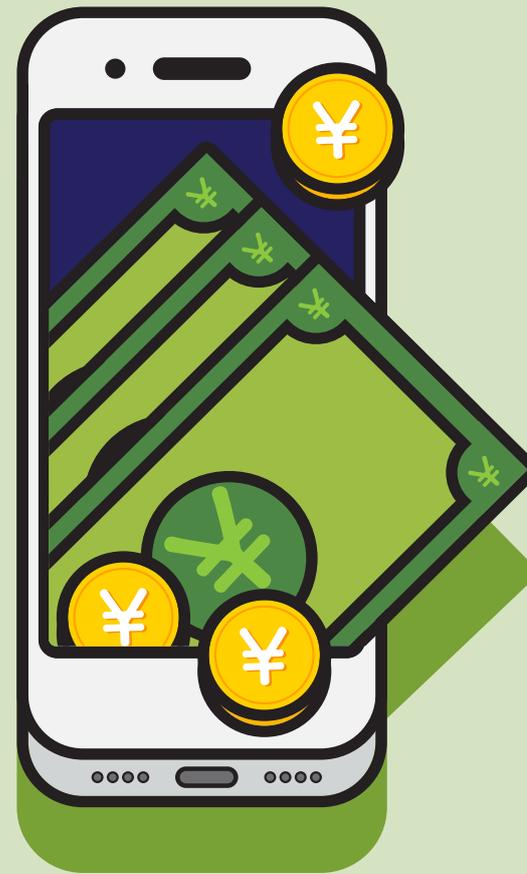


The slow rise of the cashless society

Japan lags behind in e-money adoption despite incentives and new platforms



Cash is definitely still king in Japan. More than 20% of the country's GDP is in circulation in notes and coins, about double the average across the Eurozone. Meanwhile, cashless payments only account for around 20% of all transactions, whereas in many major economies fewer than half are now carried out in cash; in South Korea, the cashless payment rate already exceeds 90%. The Japanese government has begun a push towards cashless and set a target of doubling the current rate by 2025, when Osaka will hold a World Expo.



Some of the factors commonly cited to explain Japan's slow adoption of cashless payments are the low crime rate (making it safe to carry cash), the rarity of counterfeit currency and near-zero interest rates, reducing the incentive to deposit cash in bank accounts.

Less probable are arguments put forward regarding the

cleanliness of Japanese bank notes and the extensive ATM network, which ignores the fact that other industrialised countries also have ATMs. Nevertheless, these two reasons were also listed by the Ministry of Economy, Trade and Industry (METI), which in April 2018 issued a Cashless Vision policy paper. METI is pushing cashless payments to make it easier for foreign tourists to make purchases, and also to improve efficiency – it is estimated that



the cost of physically handling cash exceeds ¥1 trillion per year.

However, it is costs of another kind that have been a major barrier to the growth of cashless payments, according to Masahiko Aota, marketing director at Ingenico Japan, the local division of the world-leading French provider of solutions in the field. The average Merchant Discount Rate (MDR) fees that retailers pay for credit card transactions is about 3.5% in Japan, compared with 1.5% globally, says Aota. Even for QR code-based systems and FeliCa — the Sony tech behind Suica, Pasmo and a host of other e-money cards — the rate is around 3%. There are estimated to be more than 300 million e-money cards in circulation and over 30 million mobile phones with e-money functions in Japan, but they account for just a few percent of total retail payments.

METI is pushing to lower these rates, while the operators of cashless systems are offering incentives to retailers, such as reduced or no MDR for the first two years, or free contactless payment devices.

Another issue is a technical quirk of the Japanese credit card sector, where the reading of two magnetic stripes on cards at a single swipe has traditionally been required; this has made market entry a challenge for overseas firms, according to Aota. The importance of the double stripes

(one is used for point/loyalty programmes by retailers) is set to decline as contactless payments grow. However, to avoid the need for an additional swipe, the data for such programmes needs to be stored in the chips on contactless payment cards, requiring additional technology and costs, notes Aota. This means smaller retail outlets, which usually don't have point programmes, have often been keener to adopt new payment methods than their larger counterparts.

One such retailer is the Fujino Liquor Shop in Kawasaki's Ikuta district. It started using the PayPay QR code smartphone platform — backed by Yahoo Japan and its parent SoftBank — in October last year. It was the first time the shop had accepted any payment method other than cash.

"I didn't really know anything about it when the salesperson came in, but afterwards I looked into it and found out it was run by Yahoo. It was really easy to set up: just sign a contract; and I didn't need any terminal, only to have the QR code on the counter," explains owner Kazutoshi Naruse, who says the offer of three years with no processing charges was also a decisive factor.

"It's still early, and we only get about one person using it a day, but those customers who do use it always pay with it. They get points with it too, which I hear a lot about from customers," adds Naruse, referring to two campaigns from PayPay, each offering rebates totalling ¥10 billion to users.

As other companies, including Rakuten, have entered the space, competition has heated up. In March, mobile messaging app Line and used-goods marketplace Mercari announced they were cooperating on a joint cashless platform. Traditional finance companies have also entered the sector, with Mizuho Bank launching its J-Coin Pay in March.

"With the new bank digital currency platform J-Coin Pay, Mizuho Bank and other participating financial institutions will work together towards the Japanese government's goal of achieving a cashless society," says Mizuho Financial Group spokesperson Masako Shiono.

In Asia, outside Japan, Mizuho has teamed with Germany's Wirecard — a firm specialising in electronic payment transaction solutions — to offer its customers services bundled in a single payment ecosystem. The Japanese

“financial institutions will work together towards the Japanese government's goal of achieving a cashless society”

financial giant currently lacks regulatory approval to launch such an ecosystem in its home market, but many of the same services can now be delivered here through J-Coin Pay.

Despite the new platforms and the competitive environment, Ingenico's Aota believes the government's target of 40% by 2025 is “too ambitious”, saying, “30% is more realistic”. ●



Far more than fashion

Enrico Vattani, head of the
Economic and Commercial Section
at the Embassy of Italy



For 20 years, Enrico Vattani has been serving Italy's Ministry of Foreign Affairs. During his career, Vattani has worked in Rome in the Press Department, on online promotion and communications, and in the Cultural Promotion Department, dealing with the 90 cultural institutes Italy has around the world and, later, focusing on contemporary art. Since 2017, Vattani has been head of the Economic and Commercial section at the Embassy of Italy in Japan. It is his second stint here, after having worked in consular affairs from 2001 to 2005.

What kind of presence do Italian firms have in Japan?

There are more than 200 Italian companies working here, including many important firms and iconic brands. And there's such a wide spectrum of companies, working in all sorts of industries from fashion to cars to hi-tech. There's also pharmaceuticals, machinery and precision mechanics.

Italy is even present in experimental Japanese nuclear fusion facilities, which have the potential to offer almost unlimited clean energy in the future. There's a big prototype reactor in Naka, Ibaraki, the JT-60SA, and some of its components come from Italy. Italy is often perceived as a country of art, culture, fashion, food and wine – which are areas where we're very strong – but I think this project is a symbol that we're also very strong in other sectors.

What are the recent trends in Italy-Japan trade?

We've had some very impressive results, especially over the last two years. There were some very good numbers from 2018 for our exports – a 9% increase. And in the first

quarter of 2019, we are witnessing very positive trends in some of our most important product categories.

One of our goals is to attract foreign direct investment (FDI), centred on quality, development and employment. We are glad that, in 2018, Japanese FDI in Italy reached \$1 billion. We are confident that 2019 will be as good.

What are the main activities of the economic and commercial section?

We have two pillars of activity. One is policy. We work in close collaboration with the EU Delegation in Japan. We also work with Japanese institutions – from ministries to customs offices – on market access negotiations, and there are some very interesting ones coming up.





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“Italy has a lot of potential in fields such as AI, robotics, mobility and technologies connected to the ageing society”



Then there's the promotional aspect. We have our office in the embassy, and the Italian trade promotion section, which is a larger group, is here, too. We work together on fairs and trade shows, for example.

What are some recent events you've been involved in organising?

We have Design Day, Innovation Day and Italian Cuisine Week, to name a few. These are all events where we promote Italian lifestyle.

We were at FOODEX at the beginning of March. A huge number of Italian companies – about 200 – came this year. Italy had one of the biggest foreign pavilions at the fair at over 2,000m². The embassy organised a B2B session where more than 50 Japanese groups came with their buyers to meet the Italian companies, and we arranged over 300 meetings. There're only about three hours in the day to get the right people to meet, so it needs to be organised beforehand with almost surgical precision.

Could you give me some details about Italian Design Day?

It's an initiative of the Ministry of Foreign Affairs in Rome and it happens all over the world on the same day. Our whole diplomatic network concentrates its efforts, budgets and energy on this. This was the third edition, which took place on 20 March at the Italian Cultural Institute in Tokyo.

This year's theme was the future of cities that have hosted large events, such as the Olympics or an Expo. There's a link between Italy and Japan in this regard, with Expo 2015 in Milan, the 2020 Tokyo Olympics and Expo 2025 in Osaka. At the event, the Japanese architect Atsushi Kitagawara, who built the Japan pavilion in Milan, and the Italian architect Susanna Tradati, who built the Italian pavilion, talked about the urbanisation of areas such as the new innovation district in Milan. It's like a small Milan within Milan being built where Expo 2015 was held, which is an area of one million square metres. It's called MIND, the Milan Innovation District. There's going to be a hospital with a research centre, for example. Human Technopole, a research institute with a focus on genomics, and the scientific facilities of the Milan University are moving there. It's going to be self-contained, and a lot of experimentation will be done with mobility, such as autonomous driving.

What is Innovation Day?

It's an event we organise together with JETRO. The embassy brings to Tokyo a number of representatives from Italian startups in various fields, including life sciences and AI. We invite around 200 potential investors and give the startups a stage to give pitching sessions. It's always very successful. We're hoping that the next one, which will take place in October, will be even bigger because there are more partners that want to work with us.

We think Italy has a lot of potential in fields such as AI, robotics, mobility and technologies connected to the ageing society, so our government is making these types of exchanges a priority.

This is really a great time to be in Japan and working in a commercial office, especially the Italian one. ●



Italy

The quickest way to a nation's heart ...

Is it the olive oil, the parmesan, the prosciutto? Could it be the pasta, the pizza, the risotto? Maybe the Prosecco? The espresso? Whatever it is, Italian cuisine is beloved in Japan. One estimate puts the number of Italian restaurants in Tokyo alone at around 20,000.

Italian producers have been charming discerning diners across Japan with their delicious fare for decades. Pasta arrived in Nagasaki during the Meiji era thanks to the French priest Father Marc Mari du Rotz, and pasta sauce, a favourite of American GIs, was popularised in the 1950s. But it was after the bubble burst in the early 1990s that Italian restaurants proliferated, as Japanese

people looked for a greater variety of tasty but inexpensive fare.

The Ambassador of Italy to Japan Giorgio Starace believes that Japan has taken his nation's dishes to heart thanks to the strong cultural similarities between the two peoples.

"Italian cuisine is so popular in Japan because it is about lifestyle, history and traditions," he says. "This is something we share."

Before sitting down to dinner, it's





“Italian cuisine is so popular in Japan because it is about lifestyle, history and traditions”



common in Italy to share in an *aperitivo*. One popular drink, the rose-red Campari, came into being in 1860, but its recipe remains a secret to this day. The Campari brand has expanded globally and now also offers whiskeys, vodkas and other tipples. The firm’s Japanese SNS feeds feature posts with novel recipes for its enthusiastic fans to enjoy, with variations on the Negroni – the signature Campari cocktail – being particularly well-received.

One Italian firm with a particularly strong culinary legacy is Barilla. Founded in Parma in 1877, it opened its doors in Tokyo in 1997. Since then, it has been highly active importing various Italian food products, such as durum-wheat pasta and ready-made sauces.

Bologna-based Massimo Zanetti Beverage Group lays claim to the title of the largest private coffee company in the world. Here in Japan, its Tokyo branch facilitates the distribution of its brands’ goods, including La San Marco espresso machines and Segafredo Zanetti coffee products. It has also opened more than 30 Segafredo cafés around the country.

Ferrero is a multinational, family-owned business that was established in 1946. While its namesake Ferrero Rocher chocolates might be the first thing that comes to mind when you think of the company, it actually got its start producing a chocolate and hazelnut spread called Pasta Gianduja, now known as Nutella. The spread is a favourite topping at crêperies in Japan, and it is also often used as the main ingredient in dessert *takoyaki* cake balls.

The EU–Japan Economic Partnership Agreement (EPA), which came into force in February, is a major catalyst for Italian cuisine in Japan to become even more popular – and more delicious – according to Starace.

“Through the EPA, I believe more and more high-quality ingredients will become increasingly accessible and, therefore, more widely used and appreciated,” he says.

“The already high quality of our cuisine in Japan will further improve. We are already witnessing a significant increase in the quantity and value of some of our exports, such as wine.”

There are numerous factors that have contributed to the success of Italian fare in Japan, and one thing’s certain: Japan’s love affair with Italian food and drinks will become even deeper and sweeter. ●

70.4%
Urban population

Population

62,264,674 (July 2018, estimate).
Urban population:
70.4% of total population (2018).
41.82% are 25–54 years of age (2018).

Main exports to Japan

Machinery, leather goods, pharmaceutical products, non-railway vehicles, articles of apparel, organic chemicals, tobacco.

Did you know?

The iconic Trevi Fountain, featured in the films *La Dolce Vita* and *Roman Holiday*, is the recipient of approximately €1.4 million in loose change thrown by tourists each year.

The village of Vacone is the home of the world’s smallest restaurant, serving a maximum of two people.



Trade with Japan

Exports to Japan: ¥1.26 trillion
Imports from Japan: ¥519 billion

SOURCE: JAPAN MINISTRY OF FINANCE (2018)



A look at some companies from the region



MARAZZI

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STYLE AND SUBSTANCE

Ducati wins prestigious Red Dot Design Award for the third time

On 25 March, Red Dot announced that Ducati had won its coveted Best of the Best Award in the Product Design category for its devilishly sleek Diavel 1260 motorcycle, the third such win for Ducati after victories in 2013 with the 1199 Panigale and in 2016 with the XDiavel S. Judged by a panel of 40 international experts, it was one of only 80 victors among the 5,500 products – hailing from 55 countries – in the competition.

This achievement marks a major triumph for the Diavel 1260 motorcycle, which recently made a big splash at Milan Design Week. There, the bike's designers discussed the need for a balance between function and aesthetics in creating the ideal product. Its design was the result of three years of painstaking work, combining the performance of a maxi-naked and the look of a muscle cruiser, powered by a 159ps Testastretta DVT 1262 engine.

"Succeeding for the third time, thanks to another iconic bike like the Diavel 1260, is a tribute to the

creativity and innovation of Ducati, which fills us with pride," says Andrea Ferraresi, manager at the Ducati Style Centre. "Even though we are aware that our motorcycles are exciting, refined and good-looking, it is always gratifying and stimulating for those who work in the field of design and style to receive such important recognition."

The Red Dot Design Awards have been given annually since 1955. Started by what is now the ThyssenKrupp group, the awards are intended to promote attractiveness in the environments where people live and work. They are also consumer-focused, celebrating diversity in the field of design. Winning products are showcased in the original Red Dot Design Museum in Essen.

"A huge number of entries from major protagonists of design throughout the world competed for the award," said Ferraresi. "Now we look forward to the same level of enthusiasm from our fans."

Ducati will be presented with the prize in front of an audience of 1,200 at an awards ceremony at the Aalto Theatre in Essen, Germany on 8 July.

The Diavel 1260 will be available through the Ducati Japan network from 8 June.





MASSIMO ALLEGRI

Living out his destiny

“Do you want to know everything about your future?”

During a trip to Rajasthan, India, in the mid-eighties, Massimo Allegri was suddenly asked this question by a gaunt, dreadlocked fortuneteller who was seated in the garden of a Maharaja’s palace. Allegri was curious.

“Okay,” he said. “Tell me everything.”

“Are you sure?” the fortuneteller asked.

“Because everything means everything.”

Allegri said he was, and he was instructed to extend a palm for the fortuneteller to inspect. Then, for an hour and a half, the Indian man proceeded to tell Allegri, in detail, about the life he would lead.

“And, actually, little by little, his story has become reality for me,” he states.

One prophecy concerned Allegri’s children. The fortuneteller said he would,



“in the beginning, have three children — one male, the others female — but, in the end, only two.”

“And it was true,” Allegri notes. “Sadly, I lost my first child, a boy. But I had two wonderful daughters.”

Another prediction was about the firm he would ultimately work for and the position he would hold.

“He told me that, even if I didn’t at first want to, in the end, I would become an executive at a company that I had hated for much of my career,” Allegri relates. “It was Alitalia. And that was true, too.”

Now regional general manager for Eastern Europe and Asia at Alitalia — based in Tokyo since 2016 — he certainly doesn’t hold those feelings anymore, but a few years after the encounter with the fortuneteller, Allegri took a position with Sabena, the then-national carrier of Belgium, where he worked for 15 years. At the time, Alitalia was the dominant player in the region so, to Allegri, it was “not a competitor, but an enemy”.

In 2002, a chance meeting in Genoa with Alitalia’s hiring manager put Allegri on the path to becoming country manager for Italy with the airline the following year.

After three major organisational changes and significant

downsizing at Alitalia over the past 15 years — the result of stiff competition from budget airlines, as well as Middle Eastern and Chinese carriers — perhaps Allegri wishes he had asked the fortuneteller about his company’s future.

“Now, Alitalia is in negotiations, and we are thinking about what to do for the next step,” says Allegri. “But we’ve already survived twice. My hope is that we become stronger in the Asian market.”

To this end, Alitalia entered into a commercial partnership agreement with All Nippon Airways last year, and Allegri is considering reopening routes to Osaka. He is also very proud that the Narita–Rome and Narita–Milan flights have continued uninterrupted for more than 50 years.

“We are now starting negotiations with Haneda Airport, which is more convenient,” he says. “We’ll probably have the chance for at least one flight into Haneda ahead of the Olympics next year.”

Despite the fortuneteller’s many accurate predictions, Allegri insists that he has been the master of his own destiny.

“I don’t think I’ve been guided on some path by what he told me, but I do believe that he could

see some things about my future clearly,” he says. “Probably once a year, I remember what he said and think to myself, ‘Oh, that’s happened, too.’”

However, the fortuneteller did not talk much about the end of Allegri’s life.

“[the fortuneteller’s] story has become reality for me”

Do you like natto?

Time spent working in Japan:
Three years.

Career regret (if any):
Frankly speaking, none.

Favourite saying:
“Love, and do what you will” — St. Augustine. This is my motto, because if you love, you don’t hurt anything or anyone.

Favourite book:
A Fortuneteller Told Me by journalist and writer Tiziano Terzani (1938–2004). It’s about his travels around Asia for a year without boarding an aeroplane, after a Hong Kong fortuneteller tells him he risks his life if he does.

Cannot live without:
My daughters.

Lesson learned in Japan:
Be patient.

Secret of success in business:
There’s no secret — just hard work.

Favourite place to dine:
Home.

Do you like natto?:
I love everything and I eat everything. But natto... It’s so different. My answer is no, but I can eat it.

“Near the end of our conversation, he told me it would probably be better to stop,” Allegri says. “I didn’t ask him anything else.”

He also never asked about one of his life goals. As a boy, growing up in Genoa, Allegri dreamed of becoming an archaeologist. He wanted to go to Egypt to “dig a hole and try to discover something hidden in the sand”. The reason he first got into the travel industry was so he could, at some point, make the trip.

“At the end of my career, I want to go to Egypt and dig that hole in the sand,” he states, “even just for a few years, even if I find nothing.

“I will go and do it,” he predicts. ●

Massimo Allegri is regional general manager for Eastern Europe and Asia at Alitalia and a member of the EBC Airlines Committee.

Intellectual Property Rights

Really for personal use?

Japanese authorities are very keen to stop the flood of counterfeit goods entering the country. Customs clearly recognises the problems of trademark infringement and devotes plenty of resources to the issue. Yet, the number of counterfeit goods entering Japan exploded about five years ago and this trend shows little sign of easing.

Laurent Dubois, chair of the EBC Intellectual Property Rights Committee, cites a set of factors that conspire to frustrate the best efforts of the authorities and trademark holders.

“The infringer is the seller, not the buyer,” he says, explaining that owning a counterfeit item for one’s personal use is not illegal under Japanese law.

“Customs can stop drugs, pornographic materials and weapons on the purchaser side,” he says. “But counterfeit goods are illegal only at the level of the seller or as part of commercial activity.”

This situation presents a legal loophole in cases where small quantities are purchased online from websites abroad. If a retailer in Japan is sent a delivery of

articles from China, for example, and it is stopped by customs, suspicious that the contents are fake, then the retailer can simply declare to customs the goods are for their personal use. Then, they can take the goods home and start selling them.

“So long as this cannot be stopped, we will continue to have this problem,” Dubois says.

Counterfeit products are typically sold online, which is why the number entering Japan has skyrocketed in recent years.

“When there is a physical shop, there is a physical person, and you can arrest that person and stop the business,” Dubois says. “But if it’s virtual or online, you may know who the person is, but most of the time they are located abroad and are therefore untouchable.”

In 2017, internet auction sites in Japan received more than one million requests from organisations such as Dubois’ Union

des Fabricants Tokyo to take down postings of advertised items suspected of being fakes. Thanks to the cooperation of online sales platforms, the number of removal requests fell to 327,303 in 2018.

One of the obvious solutions to close the loophole would be an amendment to the Trademark Act to make personal use illegal. Another would be to make possession illegal. However, the Japan Patent Office opposes the removal of a “condition of business” requirement from the

definition of a trademark in the Trademark Act.

Dubois believes a workable idea may be to “redefine the notion of ‘personal use’.” That could entail setting a maximum number of goods that can be brought into Japan, to as low as one.

Another idea is to redefine the legal meaning of “import”. That’s what happened after a 2014 legal case involving the purchase of a fake Rolex watch on a Chinese website by a Danish national. An EU court determined that the IP rights-holder could enforce its right as soon as the item — purchased over a website from a non-member country — entered the territory of an EU member state.

A third proposal is to simply scrap the personal use exemption in the Customs Law.

“It’s clear that customs is very interested in finding a solution because this is a big burden on them,” the committee chief says. “If at the end of the day, you have to release the goods, it’s not very pleasant.”

The EBC is doing its part, while customs and the Ministry of Economy Trade and Industry (METI) each grapple for a solution.

“We recently sent a letter to METI, providing them with data, information and reference to the recent precedent [the Rolex case] and other foreign legislation relating to the prohibition of the import of counterfeit goods for personal use,” Dubois says. “It might bring something. I wouldn’t say in the coming months, but in the coming years.” ●

Laurent Dubois is chairperson of the EBC Intellectual Property Rights Committee and representative at Union des Fabricants Tokyo.

Advocacy issues

➤ Online retailers

The law should be amended to allow more thorough checks of branded goods sold over the internet.

Fraudulent, spoof and counterfeit-sales websites should be regulated by bolder measures, such as removing the sites from search engines

➤ Definition of “for personal use”

The legal definition of “for personal use” should be tightened, or a ceiling should be set on the maximum number of goods imported for that purpose.

From dream to dish

How Sardegna Mia broke into the Japanese market

In his 1921 travel book *The Sea and Sardinia*, D. H. Lawrence chronicles his journey on Italy's second-largest island.

“This land resembles no other place,” he wrote. “Sardinia is something else ... It is like freedom itself.”

Nearly 100 years later, Sardinia is still a place unlike any other. Its large areas of untouched land and its long Mediterranean coastline have made it a popular destination for tourists. It is also home to some of the oldest cooking techniques in Italy, and its fresh, healthy ingredients and unique offerings delight everyone who tries them.

My passion for Sardinia, my birthplace, and a love of Japan gave me the idea of starting a concierge-concept export management company that would allow people in Japan to try Sardinia's best and less well-known traditional food, wine, spirits and condiments.

When my business was still only an idea, I benefited from the support and services of the EU-Japan Centre for Industrial Cooperation, a joint venture between the



European Commission and the Japanese government to promote industry, trade and investment cooperation between the EU and Japan. In 2012, while I was working for a software engineering firm, I attended the centre's Human Resources Training Programme, which helps businesspeople in the EU gain a better understanding of the business, economic and cultural landscapes in Japan.

The programme gave me the information I needed to help me make wise decisions and save money as I prepared to enter the Japanese market. Most important, it gave me confidence in my idea.

I founded Sardegna Mia in September 2017. We make it easy for Italian restaurants, delicatessens, speciality food shops and individuals in Japan to gain consistent access to Sardinian delicacies by taking care of everything for small Sardinian producers. That includes export-related business matters, pricing, shipping, invoicing, packaging, marketing, events and communications.

In addition to extra virgin olive oil, wine and pasta, we export regional specialities, such as *pecorino* sheep's cheese, *bottarga* cured mullet roe and crispy *carasau* flatbread. Red wines from the Mandrolisai region of central Sardinia have been especially well-received here. Many Japanese customers have told us that, while these wines express the distinctive characteristics of Sardinia, they also pair very well with traditional Japanese dishes, such as *sukiyaki*.

In March 2018, the EU-Japan Centre organised the first Organic Food and Wine Mission to FOODEX — the largest food and beverage trade show in the Asia-Pacific region held annu-

“[Sardinia] resembles no other place”

ally in Tokyo — and I applied to take part. It was one of the best decisions I made for Sardegna Mia, because it led to 30 contacts with potential partners and importers, as well as a trial sales agreement with Amazon.

After the positive initial market response, I applied in November for the centre's Step in Japan service, which allowed me to receive logistical support for organising meetings, product demonstrations and tasting events to secure new clients. A few months later, thanks to this service, Sardegna Mia closed a business agreement with prominent Tokyo-based wine importer and distributor Vino Hayashi, and a small extra virgin olive oil importer, De Oliva.

With the EU-Japan Economic Partnership Agreement now in force, I am determined to strengthen our business relationships in Japan. One way we have already done this is by partnering with the consultancy firm Sintesi to open a representative office in Tokyo.

As an entrepreneur interested in the regional development of Sardinia, my long-term goal is to set up active cooperation — through the region-to-region cooperation initiative of the European Commission — between Sardinia and Japanese regions to promote the exchange of our food cultures. I want as many people in Japan as possible to experience the singular flavours of Sardinia. ●

Marta Sanna, a native of Sardinia, is founder of Sardegna Mia.





The making of a metropolis

Osaka City and Prefecture work together for growth

Although Tokyo is enjoying some time in the global lime-light, thanks to its upcoming role as host to both the 2019 Rugby World Cup and the Tokyo 2020 Olympics and

There has been a dramatic increase in the number of annual visitors to Osaka over the past decade, rising from 1.8 million in 2011 to 11.1 million in 2018, according to Matsui. And, as host of the G20 leaders' summit in June, as well as the 2025 World Expo, Osaka

is going to occupy a place on the world stage like never before.

Establishing a metropolitan system would give Osaka a single head of local government, similar to Tokyo's governor and the Mayor of London. It would also help the city and prefecture to avoid duplicating some of their efforts.

"In the past, because the mayor and governor — or the city

and prefecture — had been facing different directions, their plans and strategies ... were implemented on two different levels, which was an obstacle to growth," Yoshimura said.

Matsui added: "Therefore, we decided what had until then been separate growth strategies for Osaka prefecture and city would be put together into one strategy and [we would] have a common goal to work towards."

One plan to improve economic growth, currently being executed, is to merge a number of prefectural and municipal institutions, including Osaka Prefecture University with Osaka City University, and the Osaka Prefectural Institute of Public Health with the Osaka City Institute of Public Health and Environmental Sciences.

"The prefecture and the city were almost in competition with each other, developing very similar facilities in both of their respective areas," said Matsui. "As a result of bringing the growth strategies of the prefecture and the city into one we have indeed had achievements in business growth."

Constructing better transport infrastructure is also a priority.

"This includes, for example, improving access to Kansai International Airport," Matsui said. "Also, plans to build the Naniwasuji Line [underground railway line] — which had ... stalled for 30 years — are now moving forward."

Osaka aims to improve its growth by building a world-leading integrated resort (IR), which would become the largest facility for meetings, incentives, conferences and exhibitions (MICE) in Japan. With completion tentatively scheduled for 2024, the IR is expected to create some 88,000 jobs and lead to an economic ripple effect of an estimated ¥760 billion per year. The facility, to be based on the manmade island of Yumeshima — which will also be the site of the 2025 World Expo — could possibly become home to one of Japan's three casino resorts.

"We believe it will be a very attractive IR, which will also contribute to the sustainable growth of Osaka," said Yoshimura. "This vision ... [is] something that could be achieved because we, the mayor and the governor, are facing the same direction."

With the whole country expected to benefit from a pre- and post-Olympics boom, Osaka is setting itself up to be a first-class destination for tourism and business, with facilities and services that will be second to none. ●



Hirofumi Yoshimura (left) and Ichiro Matsui

Paralympics, it's worth remembering that not everything of importance and interest happens in the nation's capital.

On 20 February, the Foreign Correspondents' Club of Japan held a press conference with Hirofumi Yoshimura and Ichiro Matsui, the then-mayor of Osaka City and then-governor of Osaka Prefecture, respectively, where they discussed their plans for the city's future. Following elections in April 2019, they successfully switched positions, giving their One Osaka party a mandate to merge local governments and form a metropolitan government.

Matsui and Yoshimura believe that the time has arrived for a major reform of both the prefecture and the city to improve their economic growth.



The Agenda

**JUNE
4**POLISH CHAMBER OF COMMERCE AND
INDUSTRY IN JAPAN**Business Mixer**

TIME: 18:30 to 20:30
VENUE: Finn McCool's Marunouchi
Palace Building
FEE: ¥4,000 (for members), ¥5,000 (for
non-members)
CONTACT: secretariat@pccij.or.jp

**JUNE
13**SPANISH CHAMBER OF COMMERCE
IN JAPAN**TTT - Third Thursday Tapas Night**

TIME: 18:30 to 21:30 (Doors open at
18:00)
VENUE: The Prince Park Tower Tokyo, 1F
Melody Line
FEE: ¥6,500 (for SpCCJ and SPC
members), ¥8,500 (for non-members)
REGISTRATION: [http://spanishchamber.
or.jp/event_registration/](http://spanishchamber.or.jp/event_registration/)

**JUNE
5**BRITISH CHAMBER OF COMMERCE
IN JAPAN**Disruption, expectation
and complexity**

with Jean-Sébastien Jacques of Rio Tinto

TIME: 12:00 to 14:00
VENUE: Roppongi Hills Club
FEE: ¥6,500 (for members), ¥8,500
(for non-members)
CONTACT: info@bccjapan

**JUNE
13**THE BELGIAN-LUXEMBOURG CHAMBER
OF COMMERCE IN JAPAN**Delighting Customers
in Japan XVIII seminar**

TIME: 18:30 to 21:00
VENUE: BNP Paribas office, near Tokyo
Station
FEE: ¥5,000 (for members), ¥7,000
(for non-members)
CONTACT: info@blccj.or.jp

**JUNE
6**BRITISH CHAMBER OF COMMERCE
IN JAPAN**Small is GREAT XV:
Law and Disorder**

with Catherine O'Connell

TIME: 18:00 to 20:00
VENUE: BCCJ Office
FEE: ¥4,000 (for members), ¥7,000
(for non-members)
CONTACT: info@bccjapan

**JUNE
19**CZECH CHAMBER OF COMMERCE AND
INDUSTRY IN JAPAN (CCCJ)**11th Czech Business
& Culture Networking
Event**

TIME: 18:00 to 20:30
VENUE: Embassy of the Czech Republic
FEE: ¥5,000 (for members), ¥7,000
(for non-members)
CONTACT: secretary@cccij.com

**JUNE
7**CANADIAN CHAMBER OF COMMERCE
IN JAPAN**Joint Summer Cocktail
2019**

TIME: 18:30 to 21:00
VENUE: Roppongi Hills Club
FEE: ¥8,500 (for members), ¥10,000
(for non-members)
REGISTRATION: [https://www.cccj.or.jp/
events/joint-summer-cocktail-2019](https://www.cccj.or.jp/events/joint-summer-cocktail-2019)

**JUNE
21**EMBASSY OF SWITZERLAND IN JAPAN
AND THE SWISS CHAMBER OF
COMMERCE AND INDUSTRY IN JAPAN**Swiss Young
Professionals
Gathering #24**

TIME: 19:30
VENUE: Nescafé Harajuku
FEE: Free of charge (registration
required)
CONTACT: tok.culture@eda.admin.ch

**JUNE
13**SWISS CHAMBER OF COMMERCE AND
INDUSTRY IN JAPAN**Luncheon – Etsuro
Honda, former
ambassador of Japan
to Switzerland**

TIME: 12:00 to 14:00
VENUE: ANA InterContinental Tokyo
FEE: ¥6,500 (for members), ¥8,000
(for non-members)
CONTACT: info@sccij.jp

**JUNE
28**ITALIAN CHAMBER OF COMMERCE
IN JAPAN**How to retain and
motivate your
Japanese sales team**

TIME: 9:00 to 10:30
VENUE: Italian Chamber of Commerce
Japan
FEE: ¥1,000 + 8% VAT (for members),
¥3,000 + 8% VAT (for non-members)
CONTACT: projects@iccj.or.jp

Sun setting on solar?

Japan's solar industry struggles

Solar energy became a cornerstone of Japan's efforts to diversify supply following the nuclear disaster of 2011. A government feed-in-tariff scheme allowed both big and small solar farms across the country to sell to local power companies at a fixed rate.

But cheaper alternatives have dimmed solar as an attractive energy source. The set tariff — and its passed-on cost to consumers via power companies — has cast shade over photovoltaic (PV) solutions and prompted the government to cut the fixed rate in March for the seventh straight year.

Prime Minister Shinzo Abe has called for all nations to implement green initiatives, but Japan is the only G7 country still building coal-fired power stations, and fossil fuels make up over 80% of its energy mix. Japan's renewable share target, which includes solar, is 24% by 2030, compared with an EU goal of 32%.

Shifting to solar power auctions from fixed rates has moved Japan closer to, but has not met, government expectations for take-up, and over a quarter of capacity approved for solar between 2012 and 2015 is not being used. In response, Japan has issued a deadline of next year for operations to start or face a further drop in the guaranteed rate.

The prospect of more cuts prompted the European Business Council (EBC), along with four chambers of commerce, to call last year for caution, noting such a move would further undermine market confidence.

“Our member companies and others have invested billions of dollars and years of effort in the Japanese renewable energy industry,” the joint statement said. “Japan risks ceding its leadership in the industry.”

Solar power is estimated to cost more than twice as much in Japan as in European nations such as Germany. Meanwhile, Japan saw a record number of bankruptcies of solar-related power firms in 2018, and Teikoku Databank predicts more failures ahead.

According to the International Renewable Energy Agency, installed solar

Japanese broadcaster NHK estimates that solar plantations on water and land together use nearly 200 million PV panels. However, excess renewable energy has seen only minimal transfer within Japan, as there is no central power grid. Local power companies say energy transmission and transfer are difficult between the 10 service regions.

Japan is finalising plans for the separation of energy generation from transmission by next year, and fintech may make energy-sharing and management via virtual power plants (VPPs) easier.



capacity and electricity generation in Japan rose tenfold from 2011, while supply has already hit 2020 government targets. The island nation ranks second globally for capacity after China with 42.8 gigawatts (GW), according to the International Energy Agency.

Construction of the nation's largest solar farm, the 900,000-panel Setouchi Kirei Mega Solar Power Plant in Okayama Prefecture, was completed in February, at a cost of ¥110 billion. The site is expected to provide enough power for 80,000 homes. Japan is also a global leader in floating PV farms, with over 70 of the world's largest, including the Yamakura Dam reservoir farm in Chiba Prefecture, spanning a massive 18 hectares.

A Japanese consortium last year built a blockchain power trading system, while giants Kyocera and Marubeni have teamed with a US firm to distribute energy through a blockchain VPP micro-grid.

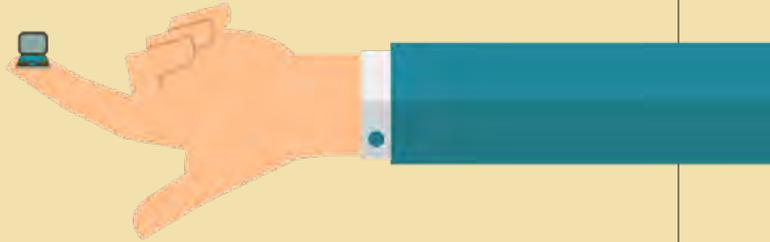
The most futuristic of the nation's sun dreams is the Japan Aerospace Exploration Agency's Space Solar Power Systems, a 1GW monster satellite above earth that will convert sun rays into microwave or laser energy for use on Earth.

The agency first proposed the orbiting, 2km² behemoth a decade ago, but its estimated take-off date — similar to a number of Japan's solar plans — has faced logistical clouds, and may now be pushed back from a planned launch in the 2030s to later in the century. ●



Smart dust in the wind

Wireless devices as small as a grain of salt could one day monitor everything



In Stanislaw Lem's 1964 novel *The Invincible*, a distant planet is taken over by swarms of miniature, self-replicating insectile machines. Threatening the crew of the titular spaceship, it's technology run amok on a grand scale and it remains the stuff of nightmares.

Last year, however, researchers in Japan and the US announced they had created the world's smallest "computer". Scientists from the University of Michigan, Fujitsu Electronics America and Mie Fujitsu Semiconductor Japan developed the device, which measures a mere 0.33mm to a side, about a tenth the size of another device announced by IBM in March 2018. Far smaller than a grain of rice and difficult to spot with the unaided eye, the device is part of an emerging computing field called smart dust or microelectromechanical systems (MEMS).

The device lacks a battery and doesn't retain programming or data when its power is shut off, so developers hesitate to call it a computer. Nevertheless, it has processors, RAM, a wireless transmitter and receiver, and a sensor for light, which acts as its power supply and data feed. It's also low-power and biocompatible.

So what can it do? One capability is to record and transmit temperature information for tiny areas, such as cellular clusters,

with an accuracy of about 0.1°C. The sensors could be used to monitor temperature in tumours, which could advance cancer therapies.

Last year, the research firm Gartner named smart dust as a technology underpinning "transparently immersive experiences", a trend enhancing smarter working and living, and one of five emerging tech movements blurring the lines between human and machine. The concept of smart dust as a real technology, however, has been around for decades. In 1996, the University of California, Berkeley's Kris Pister speculated that "We will programme the walls and the furniture, and some day even the insects and the dust."

That might sound somewhat farfetched, but one of Pister's sponsors was the US Defense Advanced Research Projects Agency (DARPA), which laid the foundations for what was once an unbelievable technology: the internet. DARPA envisioned casting interconnected, communicating smart dust

motes on a battlefield for intelligence-gathering purposes. But the know-how has potential applications that go far beyond that. As a Lilliputian version of the Internet of Things (IoT), smart dust could be used to monitor the movement or

location of animals and insects or inventory and vehicles; environmental conditions affecting livestock and agriculture; or machinery parts for warning signs of corrosion or failure.

European countries are working on making practical smart dust a reality. The EU-backed WIROX project (concerning oxide nanostructures for wireless chemical sensing) brought together scientists from multiple research centres to develop electrical gas sensors that would enable dust motes to harvest energy from the environment.

"The motes will be mainly used in energy-efficient buildings," the European Commission noted in a Community Research and Development Information Service report. "Wireless gas sensing of air quality could significantly increase the performance of heating, ventilation and air conditioning systems."

Most smart dust applications are still in the concept stage, but major conglomerates such as IBM, Cisco Systems and General Electric are actively trying to bring the technology to market. And while there are very valid concerns about its potential effects on privacy, health and the environment, the potential benefits of near-ubiquitous sensing mean it's one more element from science fiction that's coming to our everyday lives. ●

"We will programme the walls and the furniture, and some day even the insects and the dust"



HIROSHIMA design by NAOTO FUKASAWA



Lightwood design by JASPER MORRISON

maruni

Maruni Tokyo
3-6-13 Higashinohonbashi Chuo-ku Tokyo 103-0004 JAPAN TEL: +81(0)3-3667-4021

www.maruni.com

French Art de Vivre

rochebobois
PARIS

Photo: Michel Gilbert. Photograph used for reference only. Stone Sculpture museum of the Kubachi-Wilmsen foundation.



Mah Jong sofa. Designed by Hans Hopfer, Kenzo Takada fabric.

www.roche-bobois.com

TOKYO
3-35-1, Jingumae, Shibuya-ku Tokyo 150-0001
Tel: 03-6459-2704 tokyo@roche-bobois.com

TOKYO - Nouveaux Classiques
3-38-14, Jingumae, Shibuya-ku Tokyo 150-0001
Tel: 03-6804-1961

JAPANESE HOMES, INTERNATIONAL INTERIORS

Furniture firms transform living spaces

TEXT BY TOBY WATERS

Japan has embraced the modern-day range of distinctive furniture styles from around the world and, as more overseas firms' products break into the market, they have an influence on Japan's existing offerings. Whether it's Japanese designers building on European designs or European firms commissioning work from a Japanese designer, many manufacturers are pushing the envelope in transforming the Japanese home.

THE ORIGINAL INFLUENCERS

One such company is **Maruni Wood Industry**, a Japanese brand with a long history of drawing on global aesthetics for inspiration for its own furniture.

"Maruni's founder, Takeo Yamanaka, was inspired by European lifestyles and wanted to improve housing culture in Japan at a time when sitting on the floor and *tatami* mats was standard," says Takeshi Yamanaka, president. "At that time, furniture was very expensive because craftsmen made it by hand. The founder used machinery to provide handmade products at reasonable prices — while maintaining a beautiful level of craftsmanship."

According to Yamanaka, Maruni is a stronger brand because of its close ties to the international design community.

"By collaborating with designers like Jasper Morrison, we feel it's only natural that we are influenced by European culture," he says.

"You don't need to be reserved in your thinking ... Why not have interiors that you love?"

French firm **Roche Bobois** puts a priority on distinctive designs, which make their products stand out and give them an advantage in the Japanese marketplace. By collaborating with numerous global designers, the company has assembled an eclectic range of designs and products.

"There's a certain playfulness to our designs; we use distinctive colours in each of our products," says Mai Takeuchi, PR representative. "We collaborate with a lot of different designers and artists from all over the world. Brands such as Missoni Home, Jean-Paul Gaultier and Kenzo Takada have created fabrics for some of our sofas — and these are very popular products here."

STAND OUT SIT-DOWNS

Both companies offer a wide variety of furniture, but each have pieces that they are particularly proud of.

"Recently, Maruni has received lots of positive feedback from the public, both domestically and internationally, for our part in the Apple Park project, in which several thousands of HIROSHIMA armchairs were delivered," Yamanaka revealed.

The HIROSHIMA line was designed by Naoto Fukasawa, who regularly collaborates with brands in France, Italy, Germany, Switzerland and Scandinavia.

Roche Bobois' most popular item in Japan — and the 59 other countries across the globe where the company has a presence — is its Mah Jong sofa, created by German

designer Hans Hopfer. It is a perfect illustration of the intersection of taste between Japan and other countries.

"Japanese people have a culture of sitting on the floor," says Takeuchi. "The Mah Jong sofa is lower to the ground than other sofas, so it fits in naturally with the Japanese lifestyle."

CROSS-CULTURAL SUCCESS SECRETS

The blurring of national styles has helped Maruni's exports abroad.

"Maruni has been exhibiting at the Salone Internazionale del Mobile for more than 10 years," Yamanaka notes. "As evidenced by the appreciation our products and concepts receive in Europe, our brand has been increasingly improving its reputation worldwide."

Roche Bobois, which entered the Japanese market two years ago, aims to improve the Japanese consumer's developing sense of individuality in interior design.

"The concept behind Roche Bobois is a lifestyle of Art de Vivre, which means to have things you appreciate as part of your day-to-day life, incorporating more freedom and enjoyment into interior design," says Takeuchi. "We want to tell people, 'You don't need to be reserved in your thinking or limited in your choices. Why not have interiors that you love?' We want people to embrace distinctive designs and colours, and when they do this, they will enjoy their homes even more."

No matter what style of furniture inspires you — from fantastic and flamboyant to sturdy and simple — the wide variety of choices means you can feel at home wherever you are in the world.



10,000 hours

The importance of deliberate practice

Many people have heard of Anders Ericsson's 10,000-hour rule, which, according to Malcolm Gladwell's book *Outliers*, states that you need to practice something for 10,000 hours in order to become highly proficient at it. This has become received knowledge thanks to Gladwell, but many experts, including Ericsson himself, say Gladwell misinterpreted Ericsson's original research paper, which was titled "The Role of Deliberate Practice in the Acquisition of Performance".

The key words are "deliberate practice". *Outliers* skimmed over this, but Dan McLaughlin didn't.

In 2010, at the age of 30, photo-journalist McLaughlin, a non-golfer, went to play pitch and putt with his brother. Like many others before and since, he wondered if he could become proficient if he put in the 10,000 hours. In fact, McLaughlin wondered if he could make it to the PGA qualifying school, known as Q School, and tee up with the pros. Unlike the rest, he decided to put his plan — The Dan Plan, as it became known — to the test.

He even enlisted the help of Ericsson, who emphasises that the 10,000-hour rule is about quality, not quantity. More specifically, it's about deliberate practice to achieve

a well-defined goal. And you can't reduce success to just one factor. For a golfer, work ethic and natural talent will combine with physical, psychological and intellectual factors to shape the finished product. Even then, there's no guarantee you'll end up with a Tiger Woods.

McLaughlin had a plan, which turned out to be interesting — good even — but not perfect.

He started with the putter, practicing putts of 30cm. And that's the only club he used for five

months. Then he moved on to the sand wedge and so on until finally he took up the driver, 18 months into the plan. He wouldn't move on to the next club until he felt he had mastered

the previous one.

It was a plan, but it was an undisciplined one. Working with a teacher, Ericsson and other academics, McLaughlin made some adjustments. One professor who advised McLaughlin was Robert Bjork, who has noted: "People's intuitions about practice are nowhere near optimal". Bjork's own research stresses the need to introduce "deliberate difficulty" into practice.

Golf guru David Leadbetter recalls Nick Faldo's practice on

the range at the 1996 Masters: "He was working on every shot he'd face on the course, complete with his caddy, Fanny Sunesson, saying things like, 'The flag is 10 paces right, five from the back.' This routine made Nick work the ball instead of hitting it dead straight. He never hit the same club twice in a row."

This is the kind of deliberate, focused practice that Ericsson encouraged McLaughlin to integrate into his routines, an important element of which is to constantly be taken out of your comfort zone by a teacher.

So how did McLaughlin do after his initial score of 57 for nine holes of par-3 pitch and putt? Unfortunately, due to problems with his back, he never reached 10,000 hours, but he did manage 6,000. A handicap of 2.0 is required to enter Q School, and less than four years after picking up a club for the first time, McLaughlin was down to an impressive 2.6 and could break par over 18 holes. That was as good as it got, but one of the key takeaways from his mission was simply, he says, "I've learned how to learn."

So, the next time you're practicing at the driving range or on the course, remember deliberate practice ... and then do it for 10,000 hours. ●

"I've learned how to learn"



On the road to equality

Ireland and LGBTI rights

Attitudes in Ireland towards lesbian, gay, bisexual, transgender and intersex (LGBTI) people have been transformed in my lifetime, as have its constitution, laws and jurisprudence. Homosexual acts between men were only decriminalised in Ireland in 1993, following a judgement by the European Court of Human Rights in a case brought by the first openly gay member of the Oireachtas, Ireland's parliament. As with many struggles for equality, the fight for LGBTI rights in Ireland was led from the beginning by brave individuals.

Things changed rapidly in the generation after decriminalisation. All forms of discrimination based on sexual orientation are now outlawed in Ireland, and incitement to hatred based on sexual orientation is forbidden.

In May 2015, Ireland became the first country in the world to legalise same-sex marriage on a national level by popular vote. This referendum amended our constitution to provide that marriage is recognised irrespective of the gender of the partners. The vote in favour represented 62% of the poll nationally, with some 72% voting in favour in Dublin. This result was a watershed moment on Ireland's road to equality. Furthermore, married same-sex couples are now permitted

by law to adopt children. And since the introduction of the 2015 Gender Recognition Act, transgender people in Ireland can self-declare their gender for a range of official purposes.

Today, Ireland advocates for LGBTI rights on the world stage. We strongly support the UN Human Rights Council's efforts to address LGBTI issues. As a committed member of the European Union, Ireland cooperates closely with other

Today, Ireland advocates for LGBTI rights on the world stage

like-minded EU member states. Ireland gave substantial input for the development of the EU Guidelines to Promote and Protect the Enjoyment of all Human Rights by Lesbian, Gay, Bisexual, Transgender and Intersex Persons. These guidelines are now being delivered as part of the implementation of the EU Action Plan on Human Rights and Democracy.

In recent years there has been increasing interest in LGBTI issues in Japan and we believe that Ireland's experience may be relevant to the debate currently underway here — and we are keen to share our story.

In Ireland, we believe that it is important always to remember that LGBTI rights are not special rights; the LGBTI community is simply seeking equality, to be treated the same as everybody else. Of course, the situation in every country is different, and Ireland, the EU and other member states are not interested in lecturing other nations. But where we are good partners, as is the case with Japan, it is right that we share our insights and, hopefully, learn from each other.

In October 2018, one of Ireland's most prominent activists on LGBTI issues, Rory O'Neill, visited Tokyo, where he had lived in the 1990s. He participated in a series of events with the Embassy of Ireland, the EU Delegation in Japan, Rainbow Reel Tokyo and Facebook Japan. It was encouraging to see a high level of engagement from so many people in the spheres of politics, business and media. It was also reflective of the increasing profile of LGBTI issues in this country, an indication that we are entering a new era.

The Embassy of Ireland has participated in Tokyo Rainbow Pride for some years and will do so — with pride — again this year, together with embassies and ambassadors of other EU member states.

In Ireland, as in Japan and elsewhere, the work to end discrimination in all its forms continues. We are aware of the challenges that we still face. It is important to support everyone in society so that they have an equal chance to live the best life they can, as they see fit, and we are keen to work with all our partners in Japan and elsewhere to reach this goal. ●

Irish Ambassador to Japan Paul Kavanagh has been serving in his current post since September 2018





Who's Who

LEGAL SERVICES IN JAPAN

ARQIS FOREIGN LAW OFFICE

Foreign Law Joint Enterprise with TMI Associates

ARQIS Foreign Law Office is a Tokyo-based European law firm with German roots, providing hands-on legal solutions to investors in Japan and Europe for more than 25 years. Operating in a joint enterprise with Japanese law firm TMI Associates, our advisory services cover the entire range of business law, with particular expertise in corporate, commercial, M&A, data protection and labour law.

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www.arqis.jp

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HIRAYAMA LAW

Hirayama Law managing partner Kentaro Hirayama is a competition and antitrust specialist. He enjoys an excellent reputation for successfully handling complex domestic and international predatory pricing cases, abuses of intellectual property rights and unfair trade practices concerning online shopping platforms. His previous experience includes working at the Japan Fair Trade Commission, and he is regularly ranked highly in international legal client guides.

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Founded in March 1998, Sonoda & Kobayashi Intellectual Property Law offers reliable legal services to clients around the world. The firm has assembled a multinational team of about 90 experts from 13 countries in technology, law, languages and international communication who have served companies worldwide and gained a reputation for thoroughness and reliability.

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— Yoshitaka Sonoda,

Managing Partner, Sonoda & Kobayashi Intellectual Property Law Firm

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Commercial and strategic analysis of intellectual property portfolios

Key People



Natalie COX



Harumi KOKAJI



Should we put a cork in it?

The cork versus screwcap debate



In 2001, a group of renegade winemakers from 27 New Zealand wineries declared war on the wine bottle's age-old companion, the cork. After years of dealing with faulty corks and poorly-made alternatives, these founders of the New Zealand Screwcap Wine Seal Initiative pledged allegiance to the very effective, but less glamorous, screwcap.

Just 10 years later, 90% of New Zealand wines were already under the cap, and by 2015, 30% of the world's wines were bottled sans cork. For an industry dominated by tradition and heritage, especially in the Old World, that's staggering progress. But the cork versus screwcap debate continues to this day, stoked by deep-seated passions. So, let's take a cool-headed, fact-based look at both sides.

Cork has been used to seal bottles for millennia, through Egyptian, Greek and Roman times. Made from the bark of the cork oak tree, modern-day corks are porous enough to slowly oxidise wine, allowing wines to soften as they age. Proponents argue that cork's renewable and biodegradable properties along with its ability to allow wines to bottle-age properly make cork the best option for sealing wine.

Unfortunately, corks are also the most expensive way to seal a bottle, often costing

two to three times more than alternative wine closures. Since corks are made of natural materials, they also come with variable quality and offer variable rates of ageing. The biggest problem with corks is cork taint, in which a chemical component called TCA can get into wine through a type of mould in the cork, giving the wine a musty smell and rendering it undrinkable.

Screwcaps and synthetic corks eliminate many of these concerns. They are more affordable for producers, the risk of cork taint is removed, and ageing is made consistent, though slower, than cork-ageing. It's win-win for the majority of consumers: wines are less expensive, while being of equivalent quality, and there's no need to deal with faulty or hard-to-remove corks.

Why, then, do corks still dominate the wine shelves of the world? Many point to heritage and tradition as the main reasons Europe, in particular, has been so resistant to cork alternatives. The notion that corks

allow for longer ageing periods still holds true for most Old World producers who prioritise their wine's longevity over their immediate drinkability.

What's most intriguing is that, in experiments, screwcaps actually perform better overall in preserving a wine's more delicate flavours. In 2000, Napa Valley producer PlumpJack released two versions of their 1997 Estate Cabernet Sauvignon, one with screwcaps and one with corks. They donated cases of each to the Department of Viticulture and Enology at the

screwcaps actually perform better overall in preserving a wine's more delicate flavours

University of California at Davis to study which fared better after years of ageing. Perhaps to the traditionalists' dismay, screwcapped wines aged more consistently and at a slower pace than the corked wines, which aged more rapidly and with more variable flavours.

While the threat of a screwcap takeover is likely still years away (winemakers can be a stubborn bunch), the cork industry has heeded its warning. The world's leading cork manufacturers, many of which are in Portugal, are making efforts to create greater consistency ... even implementing steam distillation to one day eliminate the horrors of cork taint, once and for all. ●



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Antoine Bourgeois

Company: Clarins Japan

Title: President

Originally from: Paris, France

Time in Japan: 11 years

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

Pizzeria Savoy in Azabujuban — very simple, but extremely tasty.

What do you do to stay in shape?

I run two or three times a week (except in winter).

Name a favourite movie: Francis Ford Coppola's *Apocalypse Now*.

Favourite musician: It's a tie between Prince and Jamiroquai.

Favourite album: Prince's *Sign o' the Times*.

Favourite TV show: *Breaking Bad* and its spin-off *Better Call Saul*.

Favourite book: *Hyperion* by Dan Simmons. A masterpiece of science fiction that should be more well-known.

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

I studied German much longer than either English or Japanese ... with very limited results.

Cats or dogs?

Cats, like everybody on the internet, it seems.



Summer or winter?

Autumn. The temperature is much nicer.

What's your ideal weekend?

A retreat in the country with family and friends, cooking and chatting.

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

Home to my family. We have a large stock of wonderful wines and spirits.

"I studied German much longer than either English or Japanese ... with very limited results."



Paweł Komender

Company: PJK Strategy and Marketing Specialists LLP

Title: Partner

Originally from: Warsaw, Poland (but I went to secondary school and university in Germany)

Time in Japan: More than 20 years, altogether

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

Minsk, in Azabudai. It serves excellent Belarussian home-cooking style dishes.

What do you do to stay in shape?

I swim.

Name a favourite movie: *The Lives of Others*, directed by Florian Henckel von Donnersmarck.

Favourite musician: Anna Loos, a German singer and actress.

Favourite album: I don't have one. I like different pieces from different albums.

Favourite TV show: *Stromberg*. It's a German version of *The Office*.

Favourite book: *Quo Vadis* by Henryk Sienkiewicz. He's a Polish author who was awarded the Nobel Prize in Literature in 1905.

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

I lived in the US for a year when I was a kid. I went to junior high, played American football and saw the first *Star Wars* movie, which was released the same year, 1977.

Cats or dogs?

I like both dogs and cats.



Summer or winter?

Winter.

What's your ideal weekend?

It doesn't happen often, but a school reunion back in Germany.

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

Buri, a great standing-bar in Ebisu that has an extensive selection of *nihon-shu* and other drinks.

Ideal weekend? "a school reunion back in Germany."



Edenred Japan

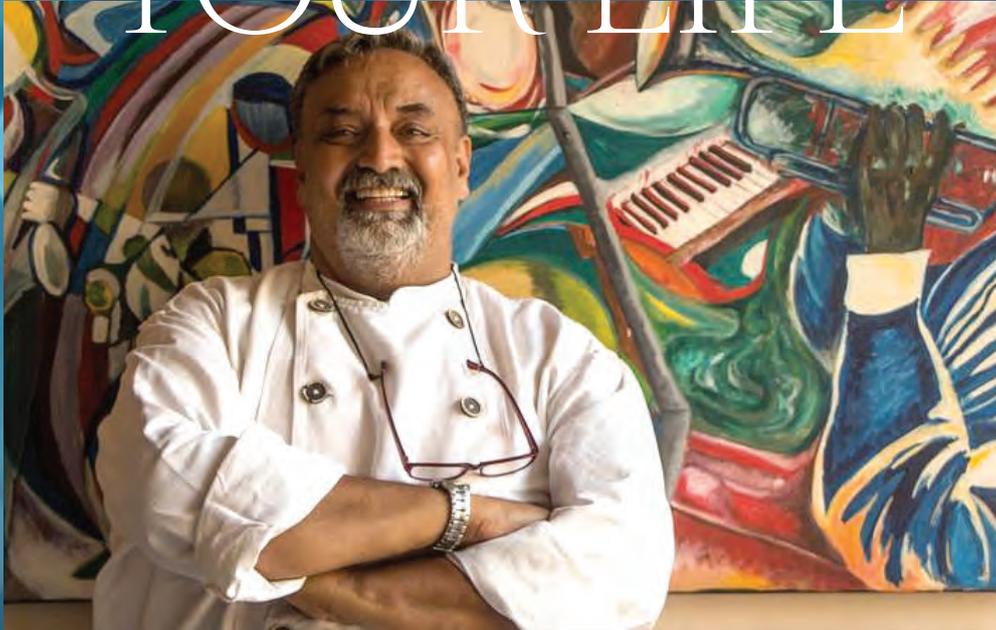
Money is not the only motivator. There are also good meals. Edenred Japan offers to boost both employee loyalty and productivity by providing businesses with lunch payment solutions for workers, which they can use at participating eateries and convenience stores, a service called Ticket Restaurant.

“This benefits companies by making them attractive employers, it benefits employees by improving their purchasing power and it benefits merchants by increasing customer traffic,” says CEO Malik Roumane. “Wouldn’t Ticket Restaurant be an excellent way for your company to usher in the Reiwa era?”

By supporting workers’ meal choices, and giving advice on healthy eating, Edenred is improving their happiness — and, ultimately, businesses’ profits. Bon appétit. ●

MALIK ROUMANE, CEO

SPICE UP YOUR LIFE



A delicacy in the States and a rarity elsewhere, Creole and Cajun cuisine has a unique history and an unrivalled flavour.

Chef Sohan, whose food has drawn crowds in the US, Japan and now his homebase in India, is offering a real treat: cooking a meal for ten in your own home, here in Japan.

For details about bidding for this Casino Night prize, check our website at rftcjapan.org.

CASINO NIGHT

Friday, September 13, 2019
at The Ritz-Carlton, Tokyo

Games: blackjack, Texas hold'em poker, roulette, Big Six, craps and slot machines
Participation fee: 17,500 yen per person (buffet dinner, drinks included)

Register now: www.rftcjapan.org

Note: All proceeds from Casino Night will go toward Run For The Cure Foundation's mission to eradicate breast cancer as a life-threatening disease in Japan.



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