

EURO BIZ JAPAN

SEPTEMBER 2018

→ Free-flowing

Will the EPA transform Japan's wine shelves?

→ Part of a new tradition

*Estonian Ambassador to Japan
Jaak Lensment*

→ The waiting game

*Japan's long waiting-lists
for daycare*

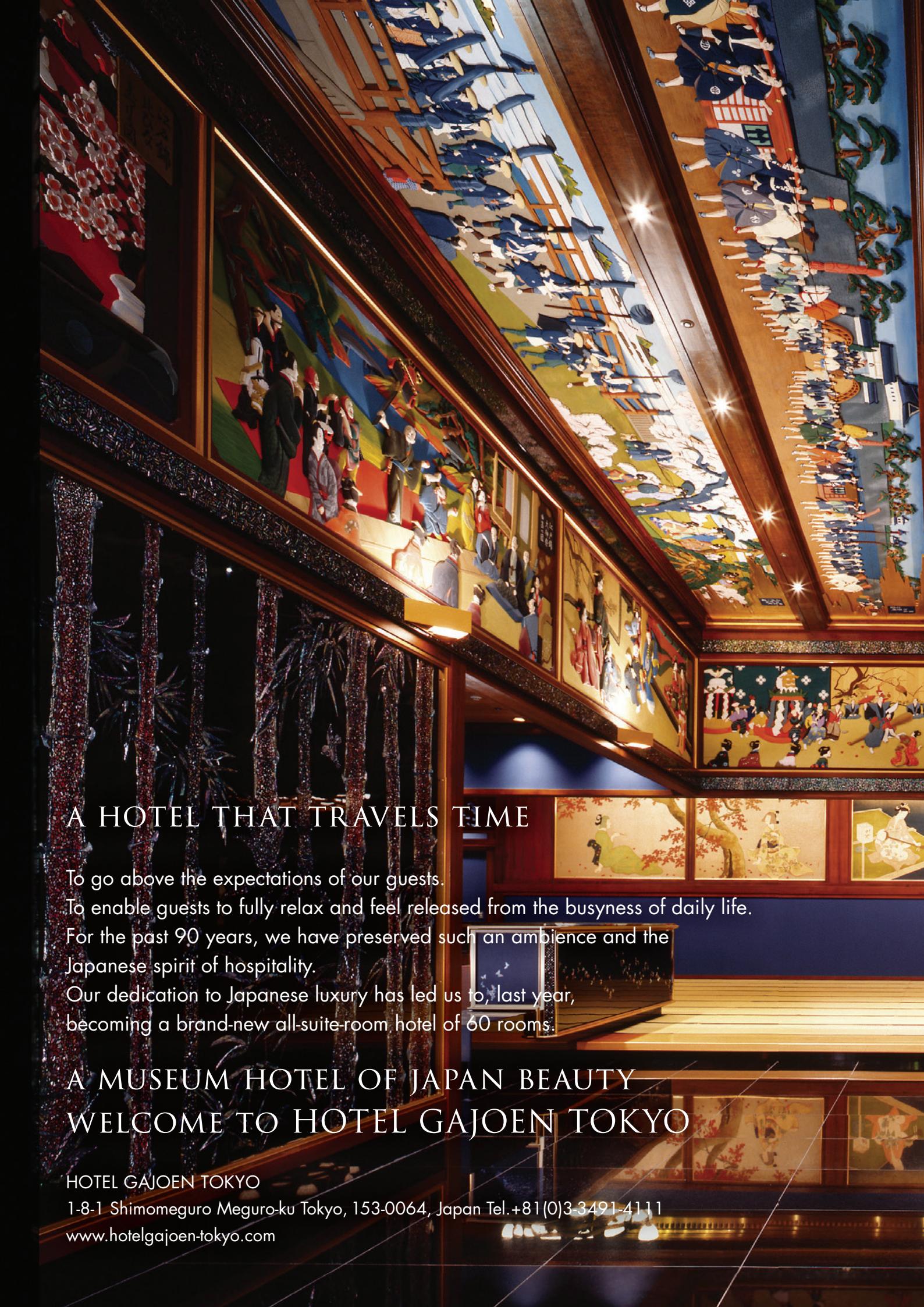
**CHRISTOPHE WEBER,
PRESIDENT AND CEO**

TOTAL TRANSFORMATION

Takeda readies itself for the future



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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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By Andrew Howitt





First Focus



Nara Prefecture's Todaiji Temple — completed in 751 — is home to one of the world's largest wooden structures, the 48m-tall Daibutsuden, which houses the 15m-tall Great Buddha statue, cast in 749. It is also known for the many deer, considered to be messengers of the gods in Shintoism, that roam the grounds and gardens of the complex.

Perhaps this messenger has a word — of assurance? of warning? — for the bride. Perhaps it has decided to hold its peace.

Photo by Jonathan Andreo
unsplash.com



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.

➲ “*Paying through the nose for decent European wine is a fact of life for those of us who are unable to resist the lure of a bottle of Sauvignon Blanc or, if we’re being really reckless, Champagne. So the decision to do away with wine tariffs is cause for celebration, whether you’re uncorking a luxury label or some humble supermarket plonk. Cheers!*”



Tom Elliott is deVere Group's international investment strategist. He produces regular videos, blogs on a wide range of topical investment issues, and regularly speaks at seminars for clients at deVere offices around the world.

➲ “*The European Central Bank has made the risky decision to tighten monetary policy just as the region’s economy is slowing. It should perhaps wait to see what impact the so-called dollar liquidity squeeze has on euro borrowing rates, and not be afraid of delaying its tapering of quantitative easing.*”



Natsuko Tominaga is the senior officer of public relations at Japanese NGO The Nippon Foundation. She has also been the foundation's photographer since 2002, travelling to some 60 countries to document local conditions and, specifically, individuals affected by leprosy.

➲ “*One of the aims of our organisation is to realise a society in which all children can live in happiness. Through The Nippon Foundation Kids Support Project, we support adoption programmes, provide assistance to seriously ill children, and work to combat childhood poverty. Our ‘third places’ are already making a difference in the lives of many.*”



Dan Sloan has covered Japan and Asia as a journalist, author and corporate content chief for over 20 years, seeing more governments than he can count. He is a former president of the Foreign Correspondents' Club of Japan, and an unrepentant Yokohama BayStars fan.

➲ “*Japan has faced a daycare shortage for decades, as political promises of zero waiting have fallen flat. But some signs of improvement are emerging as local governments and the private sector are taking more responsibility.*”

EURO BIZ JAPAN

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FROM EUROBIZ JAPAN

TEXT BY ANDREW HOWITT

Taking the tiger's leap

In a little over 20 years, Estonia – through its Tiigri hüpe, or Tiger's Leap, project – was propelled from being a nation without internet to one with a paperless government. In 2016, it was described as “the most advanced digital society in the world” by *Wired* magazine. Today, 99% of the country’s public services are online. These include digital ID, i-voting and e-health, and exclude only real-estate transactions, marriage and divorce. The government even makes decisions on matters under discussion through an information system called e-cabinet.

In Toby Waters’ “Part of a new tradition” (page 20), Estonian Ambassador to Japan Jaak Lensment speaks about his nation’s leap into digital and what Estonia’s e-residency programme means for people

in Japan. He also shares some ways Estonia’s 100th anniversary of independence will be celebrated here.

On the cover is Christophe Weber of Japanese pharmaceutical giant Takeda. Since being hired in 2014, Weber has helped his firm leap forward by bringing about a similar level of radical, sweeping change. Read “Total transformation” on page 10 to find out about the specific decisions he has made and how the firm is benefitting – as well as what he hasn’t touched.

After three decades of promises to reduce waiting lists

for daycare centres, Japan’s government has still not delivered any meaningful change for thousands of families with young children. Dan Sloan’s “The waiting game” (page 18) looks at how companies and local governments are working to turn the situation around and reduce the number of children waiting to get into a daycare from an estimated 71,000 to zero.

At a time when many nations are taking steps backwards, it’s good to be reminded that – under decisive leaders – significant leaps of progress are possible. ●

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Innovation, Digitalization and Energy of the
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BUSINESS SPOTLIGHT

TEXT BY ANDREW HOWITT

PHOTOS BY KAGEAKI SMITH

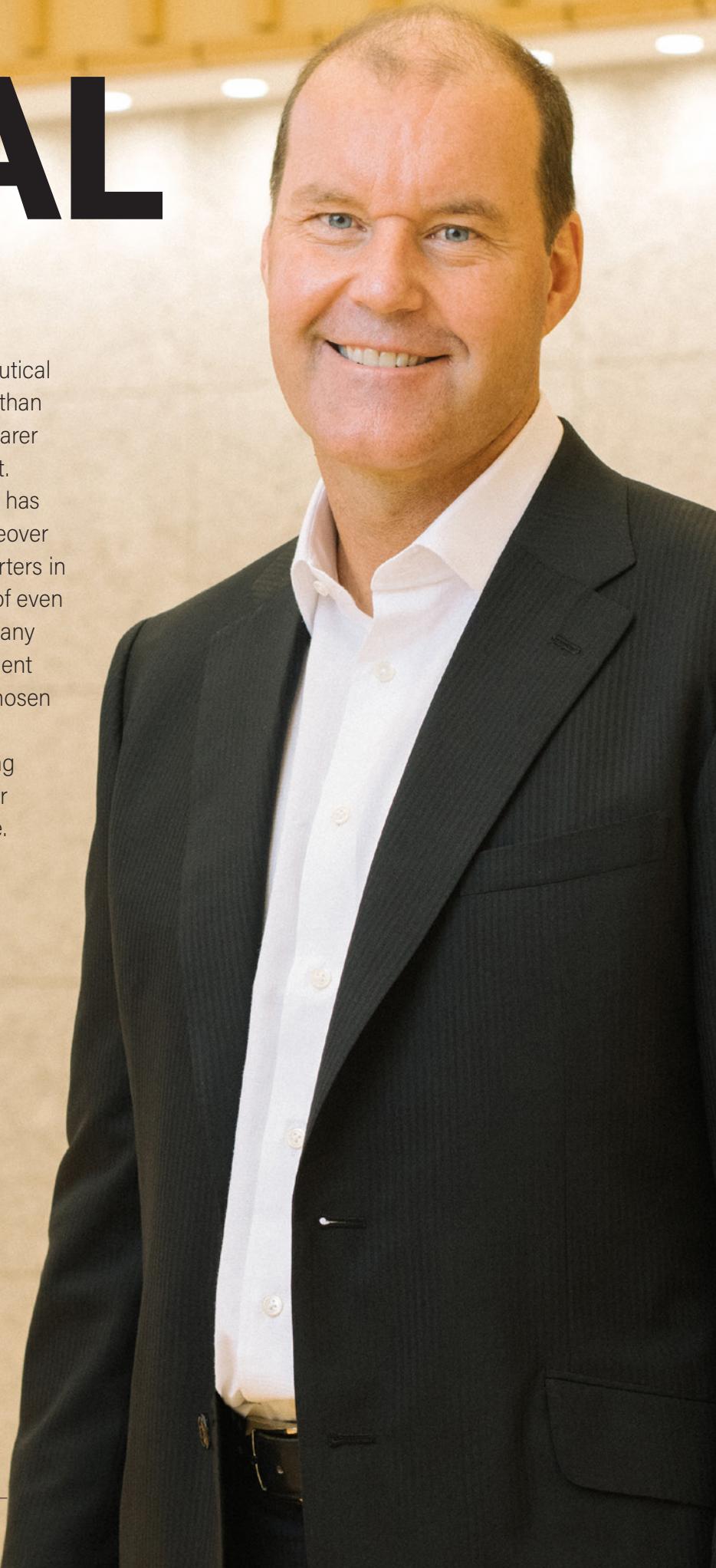
TOTAL

At 237 years old, Takeda Pharmaceutical Company is leaner and more agile than ever before, with sharper vision, clearer values and a more modern mindset. Japan's largest pharmaceutical firm has even recently had a complete makeover – opening its new global headquarters in Tokyo. Compared with the Takeda of even five years ago, it is a different company today in nearly every regard. President and CEO Christophe Weber was chosen to lead this transformation in 2014 and, after administering some strong medicine, the firm is now in a better position to face the coming decade.

One of Weber's first prescriptions was to help Takeda focus its chosen therapeutic areas. Following 18 months of analysis and discussion, the decision was made to work exclusively in three areas: oncology, gastroenterology and neuroscience; plus vaccines.

"If we are in a therapeutic area, it's to be a leader in that therapeutic area," says Weber, from France, who has more than two decades of experience in the pharmaceutical industry. "And in these therapeutic areas, we want to develop the most innovative medicines."

The work of focusing in on these three areas and transforming the organisation of the R&D department began in 2014. This dramatic level of change was, understandably, "quite stressful for our employees", according to Weber, as almost everyone in



TRANSFORMATION

Takeda readies itself for the future

R&D was affected in some way. However, since this transformation has resulted in positive, concrete outcomes, Weber is confident that the choices made were the right ones.

"Right now, we are seeing people's motivation and excitement going up because they are clear about their mission, about their role," he observes. "In fiscal year 2017, we had 17 programmes in the R&D pipeline move from one stage to the next. The year before, we had five."

Being more focused in its therapeutic areas has also resulted in a more strategic approach to R&D, which, in turn, should yield greater productivity. Takeda currently invests roughly US\$3 billion – 18% of its annual revenue – per year in R&D.

"Takeda's mission is to strive towards better health and a brighter future for people worldwide through leading innovation in medicine," says Weber.

It has also been Weber's mission to transform employees' mindsets in several areas. He has succeeded, for example, in changing attitudes towards research partnerships with external organisations. At present, Takeda has more than 180 active partnerships in R&D with startups, biotech firms and research institutes.

"[We] are seeing people's motivation and excitement going up"

"There was a little bit of not-invented-here syndrome in the past – people were more focused on what we could discover internally – but I think we've moved a long way from that," he notes. "Now, our productive R&D engine uses a combined approach of internal and external innovation."

Weber has also pushed for increased diversity at Takeda, especially in Japan.

"We have provided a number of initiatives in Japan, such as a flexible work environment to support employees during major life events, but also for personal reasons," says Weber. "Now we have more than 80% of our employees using flexitime. Also, people are taking more vacations."

As of March, the number of women in pre-managerial positions reached 20% – a big step forward for the firm, whose starting point was "very low". And more new fathers are taking paternity leave. Weber is also implementing a cultural shift from a seniority-based system of promotion to one based on meritocracy, something that will help Takeda attract top-rated global talent.

One area that Weber has not changed is the firm's value system. Takeda's core value, referred to as Takeda-ism, is integrity, which is expressed in fairness, honesty and perseverance. A lot of training takes place to ensure these qualities



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are entrenched in the day-to-day dealings of employees at every level of the firm. However, Weber has added the four priorities — patient, trust, reputation and business — as a way to help better express Takeda-ism today.

"We say, put the patients at the centre; then, build trust with society; reinforce our reputation; and then, develop the business — in that order," he explains. "I think this has had a huge resonance globally."

Data from the Japan Pharmaceutical Manufacturers Association shows that Japan's pharmaceutical market accounted for more than 20% of the global market in 1995. However, as of 2015, it accounts for less than 8%. It is critical for Japanese pharmaceutical firms to globalise in order to ensure sustainable growth. Currently, Takeda has a footprint in more than 70 countries and some 30,000 employees. According to Weber, Takeda has been "one of

the fastest-growing companies in Europe" over the past few years.

Employees are being prepared for the firm's more globalised business model through a number of global talent development programmes.

"When we recruit senior leaders, anywhere in the world, they attend a Global Induction Forum in Japan for one week," he explains. "Twice a year we do this. And we talk a lot about our values so that there is no misunderstanding about how we want to operate."

Another example of a global talent development programme is the Accelerator Programme, which gives young, high-potential employees the opportunity to take positions in different countries and be mentored by executives. This helps to develop people early in their careers to become leaders who can work effectively in different national contexts.

"The concept of agility is very important," states Weber. "We want to be local-centric to be patient-centric, because every health-care system is very different."

In July, Takeda moved from its 50-year-old Tokyo headquarters into a newly built 24-storey building, the Takeda Global Headquarters, with interior design by the renowned Japanese designer Kashiwa Sato.

"We wanted to create something special and quite modern, but also Japanese," he explains. "We wanted to reinforce the concept of global Japanese company, and this new headquarters is a symbol of that. The design of our new global headquarters beautifully embodies our mission of contributing to better health and a brighter future for people worldwide."

Sato's design is based on the concept of life force, what he considered to be the essence of Takeda's business. Walls throughout the building, for example, are covered in artistically rendered wooden *kanji* characters for words such as "water", "light", "people", "connections" and "future".

With the major aspects of its transformation now complete, Takeda is moving forward with a new outlook, and in a clear direction — ready to face the years to come.

"We will know if it has been successful later," says Weber. "But so far it has been fantastic." ●



FEATURE

TEXT BY JUSTIN MCCURRY

FREE-FLOWING

Will the EPA transform Japan's wine shelves?

Not all that long ago, finding a decent, reasonably priced bottle of wine in Japan was something of a challenge. Restaurants aside, the limited choice generally ranged from expensive labels in department store basements or cheap — and often very sweet — domestic wines that were hardly a treat for the palate.

However, the situation has improved considerably over the past decade. Bilateral free trade deals with Chile, in 2007, and Australia, in 2014, have meant that affordable and drinkable wines are no longer a rarity. And it should be noted that the quality of Japanese wines has made huge strides over the same period.

1.7 million
hectolitres

Last year, the EU exported about 1.7 million hectolitres of wine, valued at €798 million, to Japan

Earlier this year, with the signing of the Japan–EU Economic Partnership Agreement (EPA), Japan and the European Union finally broke through what many regarded as the last obstacle standing between Japanese consumers and greater access to wines from some of the world's top wine-producing nations. The agreement — reached after four years of sometimes fraught negotiations — was described by Donald Tusk, president of the European Council, as a “landmark moment for global trade”, covering some 600 million people and accounting for roughly 30% of global GDP.

When it comes into force, expected early next year, the EPA will eliminate tariffs on 94% of all imports from the EU, including more than 80% of agricultural and fishery products. While some of the food tariffs will be phased out over time, the effect on the price of European wines in Japan will



"we hope that [the EPA] will increase the variety of wines available in Japan and make the market more attractive"

be immediate, with the 15% duty currently imposed disappearing on day one.

The knock-on effects could be significant. EU wine exports to Japan are already worth about €1 billion, according to European Commission data. The sector represents the EU's second-biggest agricultural export to Japan in terms of value.

But will the wine shelves of your local supermarket look dramatically different this time next year as a result of the change?

"We are focusing on high-quality, inexpensive wines, and the tariff reduction should lower the retail price," says Ernest Singer, CEO at Millésimes, an importer of fine wines based in Tokyo.

"I expect it will dramatically improve our market share," continues Singer, whose

company is the sole agent in Japan for many of the top producers in Spain, Italy and Portugal, as well as those in the Bordeaux, Burgundy, Beaujolais and Rhône regions of France. "I think, and hope, that there will be renewed interest in fine wines among consumers."

The increased interest, and sales, that trade agreements bring is already evident in the fortunes of Chilean wine in Japan. In 2015, it replaced France as the top exporter of wine to Japan in volume, according to the Ministry of Finance. That year, imports of Chilean wine rose 18.1% from the previous year to 51.59 million litres, while those of French wine fell 2.8% to 51.51 million litres, according to trade data.

Understandably, importers are reluctant to discuss details of how their pricing strategy might change after the tariff is removed. If there is a consensus among those contacted by *Eurobiz Japan*, it is that

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"the tariff reduction should lower the retail price"

they will adopt a wait-and-see approach before making any major changes.

Companies will have to consider a number of factors, including the euro-yen exchange rate, before making any decisions on pricing, according to María Varela at Mikuni Wine, which specialises in high-end wines from the Burgundy, Rhône and Madiran regions of France, as well as Rioja and Cava from Spain, among others.

"The impact will not be as great for us as we focus on more expensive wines," she says. "The impact will be bigger for firms that import large quantities of cheaper wine."

The focus on the lower end of the market, though, could have a significant impact on consumers, given that "cheap" wines — or those with a retail price of below ¥2,000 — account for 95% of sales in Japan.

15%

The 15% duty currently imposed on the price of European wines in Japan will disappear on day one of the EPA coming into effect

"Japan is a mature market and progress is being made in all segments," says Ken Moroi, managing director at Vranken-Pommery Japan, whose portfolio of Champagnes includes the emblematic cuvée *Brut Royal*, which was first distributed in Japan during the Taisho period (1912 – 1926).

"Now there are specific categories, such as Champagne, that have doubled in size," he continues. "The dynamism of this super-premium category has been driven by marketing campaigns and the efforts of their distributors in Japan."

Moroi speculates that clever marketing and a growing interest in high-quality wines — rather than the removal of tariffs — would drive Japanese consumer habits in the long term.

"Besides some retail chains using this opportunity to create a temporary shopping frenzy, I believe that we are heading towards higher and higher quality," he says.

Yoko Maki, public affairs manager at MHD Moët Hennessy Diageo — whose Champagne brands include Moët & Chandon, Dom Pérignon, Veuve Clicquot, Krug and Ruinart — echoes that sentiment.

Noting that Japan's market for wine has grown steadily over the past decade, Maki believes the tariff changes could precipitate a "wave" of European wines, but adds that MHD would continue to focus on the luxury end of the market.

"We don't know exactly what the impact will be, but we hope that it will increase the variety of wines available in Japan and make the market more attractive," she says.

Faced with a potential onslaught of cheaper European wine, it remains to be seen how Japanese makers will respond. While they lack the history and infrastructure of their European counterparts, there is no doubt that Japanese wines are being taken more seriously.

Even those involved in importing European wines appear to welcome the greater local competition.

"The quality of Japanese wine is improving dramatically," states Maki. "We think it's good that the whole wine market is becoming more active."

There isn't a wine lover in Japan who wouldn't drink to that. ●



The waiting game

After decades, Japan still has long waiting-lists for daycare

Over the past few months, during the hottest Japanese summer on record, many parents of young children made pilgrimages — not to shrines, but to local daycare centres, praying that they would be given one of the rare available spaces.

Childcare is a hot-button issue in Japan, particularly in major urban areas where *taiki jido* — waiting-list children — has become a political rallying cry. Demand has not resulted in policy solutions, as politicians for decades have promised zero waiting for daycare and kindergarten, even as deregulation, privatisation and corporate involvement have increased.

“Since the late 1980s, every prime minister has promised to solve the problem of insufficient daycare, and they have all failed to keep that promise,” says Jeffrey Kingston, a professor at Temple University, Japan Campus.

Near the start of his second term, Prime Minister Shinzo Abe called for an end to waiting lists by 2019, and the adding of 530,000 new daycare slots. However, lines are now only expected to get shorter with the creation of an additional 320,000 slots over the next decade.

Last year, Abe promised free daycare for lower-income families with children two years old and under, as well as free childcare and kindergarten for all children three to five. In December, his cabinet approved a ¥2 trillion budget, which includes higher salaries for daycare staff, long seen as overworked and underpaid.

Japan’s daycare woes are in stark contrast to the situation in the EU, where 68% of families with at least one child under 12 years old say they are satisfied with access to formal daycare, according to Eurostat.

Greater daycare demand in Japan is the result of more working parents, part of the government’s economic revitalisation plans that have seen a record number of women join the workforce. The labour ministry says the ratio of working mothers with children

under 18 hit 70.8% last year — a record — up more than 10 percentage points in a decade.

Most mothers toiled in non-regular work situations, such as part-time jobs, and more than 40% of these had toddlers. The Cabinet Office’s Gender Equality Bureau says 53% of women now return to work after childbirth, and they need safe, local and reasonably priced childcare to be able to make this possible.

“Abe’s pledges keep mounting, but he has not delivered,” says Kingston. “It is a clear example of his empty grandstanding on womenomics — touting the benefits without doing what’s necessary to make it happen.”

Despite a national average birthrate of 1.41 in 2016 — far below the 2.1 level necessary to keep Japan’s population steady — at least 26,000 children awaited regulated daycare services in 2017.

Yet signs of progress are emerging. The government announced this month that, as of April 2018, children waiting for daycare places had fallen to a four-year low of just below 20,000. This is the first time numbers have dipped under that mark since 2008.

Critics, though, say the number of those reported to be “daycare hunting” grossly underestimates the actual total, with *The Asahi Shimbun* putting the number of children in unregistered or technically unrecognised facilities at above 71,000.

A Kyodo News survey of 66 Japanese cities found some 35,000 families received rejections for children two years and younger. Most accept the results and try other centres — in some cases more than 10. Or else they use babysitting services or what are known as baby



"By the end of 2019, we aim to increase the number of spaces by 60,000 and try to eliminate 'waiting-list children'"

hotels: non-certified, 24-hour daycare facilities.

Government subsidies to firms for the construction and the operation of centres have helped to add spaces, as some 2,600 new sites have taken in nearly 60,000 children since incentives began in 2016.

Big cities in the Kansai and Kanto regions account for some 70% of the shortages. Osaka has pledged ¥80 billion to open more facilities, while Tokyo, under Governor Yuriko Koike,

has promised greater financial support for daycare and babysitting.

"By the end of 2019, we aim to increase the number of spaces by 60,000 and try to eliminate 'waiting-list children,'" said an official from the Tokyo Metropolitan Government.

Tokyo saw a 37% drop in its April queues, but still has the nation's longest waiting list: 5,414 children.

"It's a challenge that we accepted after taking office, and we are seeing results. The number of those waiting in Tokyo fell to the 5,000 level for the first time in 10 years, and we saw a year-on-year decline for the first

time in three years," Koike told the media, while noting that further progress was needed.

Tokyo has focused on using small-scale locations such as Setagaya Park for centres, helping to push the prefec-tural number down by nearly 3,200 spots. Some wards, such as Chiyoda, are spending up to ¥360 million to send out babysitters, recording four straight years without a wait-ing list.

Companies have also stepped up their offerings. Childcare is being offered at some offices, and some firms provide financial support. Even conveni-ence stores, such as 7-Eleven, have opened daycare facilities for staff and neighbourhood residents.

Major Japanese firms such as Mitsukoshi, Fujifilm and Kao have been among the leaders in daycare services, while Shiseido, whose staff is approximately 80% female, has been offering in-house daycare at its main Tokyo office since 2003. The cosmetics giant added a second facility last year at a regional Shizuoka factory. Both are open to children of staff working at other companies in the area.

Toshitada Ota, spokesman for the Shizuoka centre, said the facility is wholly operated by Shiseido and receives no gov-ernment funding, although best daycare practices are discussed with local officials.

"We have 50 children," he says. "From ages zero to two, the children are all those of Shiseido staff. From three to five, they are from outside families."

Only six of the 47 prefectures have achieved the elusive "zero" mark, but Ota notes that the issue is truly deep and national.

"There are still waiting lists for daycare," he says. "Even in Shizuoka." ●





THE INTERVIEW

TEXT BY TOBY WATERS

PHOTOS BY KAGEAKI SMITH

Part of a new tradition

Estonian Ambassador to Japan Jaak Lensment





A career diplomat specialising in policy, Estonian Ambassador to Japan Jaak Lensment has been a witness to the development and modernisation of Estonia over the past 25 years. He has had postings in Russia, the Netherlands and Austria, and has served his nation as ambassador to Belarus. Since arriving in Tokyo in 2014, he has played a key role in deepening the relationship between his nation and Japan. Ahead of his return home in November, Ambassador Lensment sat down with *Eurobiz Japan* to speak about Estonia's centenary of independence, the strengthening of ties between Estonia and Japan, and his nation's transformation into a digital society.

Could you tell me why this year is a special one for Estonia?

The Estonian state was established on the 24th of February 1918, with the declaration of the independence of the Republic of Estonia. Estonia was an independent state until the Soviet occupation in 1940. During the Second World War, Estonia was annexed by Germany, and then again by the Soviets in 1944. Independence was restored on 20 August 1991.

This year, we're celebrating our 100th anniversary. The celebratory programme began in April 2017 and continues through to February 2020, when we will commemorate 100 years since the signing of the peace treaty between Estonia and Soviet Russia. We're marking all the most important milestones in the development of Estonian statehood.

Celebrations in Japan began with an event in February: a concert in Suntory Hall

with Maestro Gidon Kremer and his chamber orchestra Kremerata Baltica. It was attended by the Crown Prince and Crown Princess of Japan. Another big highlight will be the performance in late September of the Estonian National Male Choir and the NHK Symphony Orchestra of the works of Jean Sibelius in Tokyo's NHK Hall. Paavo Järvi, the chief conductor of the NHK Symphony Orchestra, is Estonian. Of course, there are other events as well.

How is Estonia being promoted as a tourist destination in Japan?

Since 2010, the number of Japanese people visiting Estonia has almost quadrupled: there were 28,000 visitors in 2017. There is a lot to attract Japanese people to Estonia: nature, food, spas and festivals. And the main attraction is the 600-year old town of Tallinn. I'm very glad that Japanese tourists are discovering Estonia.

As we're celebrating 100 years of Estonia, 2018 is an excellent year to visit. And next year, we will be celebrating 150 years of the Estonian Song





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Festival tradition. This is a big event that occurs every five years, with a choir of 35,000 singers. Nationally, it's very important, and it's getting more and more popular internationally as well.

What are some recent milestones in the relationship between Estonia and Japan?

One of the highlights was Prime Minister [Shinzo] Abe's visit to Tallinn in January. It was a really important achievement, and a sign that the relations between Estonia and Japan have grown remarkably. It was a breakthrough in our relations and shows that we are on Japan's map.

Another achievement is the agreement on the avoidance of double taxation, which entered into force this month. We hope this will develop investment between Japan and Estonia and increase economic exchange.

I'm also happy that the EU-Japan Economic Partnership Agreement was completed last year, during Estonia's presidency of the EU. We're very proud, and we expect the agreement to boost economic relations between our two countries and the EU in general. That's where we're most optimistic.

What are some of the biggest areas of cooperation between Estonia and Japan?

We've been cooperating in the service sector for a long time, and have old-economy trade as well, exporting food and timber. But we are oriented

toward cooperating more in the fields of ICT [information and communication technology] and cyber.

Estonia and Japan both understand the importance of cyber-defence, and cooperation in this field needs to be increased both bilaterally as well as within NATO. This year, Japan became a contributing partner to the NATO Cooperative Cyber Defence Centre of Excellence, which is based in Tallinn. We already have very good bilateral cooperation in high-level information technology and cyber-defence and are equal partners in these areas.

citizens. Step by step, starting in 1999, we introduced e-solutions, first with e-governance and digital ID cards. Today, most public services in Estonia are digital and online; I never have to go to the tax office, for example, as 98% to 99% of tax declarations are available in digital form. The system is very simple: my father is 82, and he can manage it easily.

E-residency is one solution we've pioneered that we'd like to share with Japan. This programme gives foreigners a digital card almost identical to the Estonian national

ID card. E-residency is a way for you to identify yourself as being in the EU's digital society.

Currently, the main purpose of e-residency is for people to establish a company in the EU. We have approximately 45,000 e-residents – some 2,200 of whom are from Japan – connected to the development of start-ups in Estonia. And they can actually manage and run these companies from Japan.

As a citizen, I'm amazed by the changes. We are a small nation, so we have to be very flexible. We had an old, bureaucratic tradition, and we introduced a new tradition. When I joined the foreign service 25 years ago, my request for a typewriter was declined and I was forced to learn about computers. Now, the government in Estonia is paperless and 99% online. The combination of public and private services in this form is really amazing, a really good thing for society. ●



We are building a digital society in Estonia, and we are seeing that it is very useful from the point of view of our citizens. This integration of digital technology across many aspects of Estonians' lives was interesting for the Japanese business delegation that visited Tallinn in January with Prime Minister Abe. Japan has a similar programme, My Number, which was partly inspired by our system, and we exchanged information about our experience in this area.

Could you tell me more about Estonia's digital society?

We had no internet in Estonia 25 years ago, and no digital data was collected on



Austria

Innovative surprises

Although many of the stereotypical images associated with Austria — snow-covered mountains, *lederhosen*, classical music, schnitzel and pastries — do give a picture of the nation, it is an incomplete one. An important part of contemporary Austria lying hidden behind the stereotypes is its thriving technology industry. Advantage Austria, an organisation dedicated to supporting Austrian businesses and their trading partners, aptly describes the country this way in its slogan: "surprisingly ingenious".

"While many of the clichés about Austria's world-leading tourism industry and its top-quality consumer brands, such as Swarovski and Red Bull — as well as our delicious cuisine — are true, Austria is also a top-notch high-tech and innovation hotspot," explains Austrian Ambassador to Japan Hubert Heiss.

The nation's high-tech output has some surprising benefits for Japan and its people. As Japanese society ages, Austrian company MED-EL's products to assist those with hearing loss become ever more vital. Its cochlear implant solutions are helping people here reclaim and maintain their quality of life.

Taking the opposite tack to maintaining quality of life in Japan is Austrian firm Getzner Werkstoffe, which produces vibration-isolation technologies used in the construction and railway industries. For example, workers can enjoy a noise-free environment in vibration-proof buildings even when cars or trains are continually passing by. Getzner Werkstoffe's products are employed in Tokyo's Toranomon Hills Tower.

In addition to making Japan more peaceful, Austrian technology is also keeping the country safe. Rosenbauer, a company with a 145-year history, supplies fire-fighting and disaster management systems and vehicles to



airports and fire departments nationwide, using local suppliers for its machinery.

While many Austrian innovations are being used in the service of businesses and their workers, there are also those that are being used to help people to enjoy themselves. Sunkid, headquartered in Imst, creates passenger conveyor belts to help machines move people. Its technology is found in ski lifts and rollercoasters. Sunkid products can be found in rides at Tokyo's Yomiuriland amusement park.

With the signing of the EU–Japan Economic Partnership Agreement in July, the future for Austrian goods in Japan – including the more stereotypical ones – looks bright.

"With the further opening of Japan's consumer goods market, we expect that more Japanese people will be able to enjoy Austrian meat, cheese, fruit juices, spirits, wine and beer, to name just a few," says Heiss.

Next year will mark the 150th anniversary of Austria's diplomatic relationship with Japan. Heiss believes that through this, the countries will "further deepen and strengthen our already excellent relations. We expect an increased number of high-level visitors, travelling both to Japan and to Austria, and engaging in bilateral talks."

To celebrate, a number of events have been planned to promote Austrian culture in Japan.

"The year will start with a number of New Year's concerts, the traditional Austrian way to greet the New Year," Heiss notes. "During the year, many Austrian musicians, such as the renowned Vienna Boys Choir and the Vienna Philharmonic Orchestra, will perform in various cities around Japan."

With Japanese ties to Austria growing even closer, there will be more opportunities than ever to get the most out of traditional Austrian goods and cutting-edge innovations, whose high quality should, by now, come as no surprise. ●

"Austria is ... a top-notch high-tech and innovation hotspot"

—Austrian Ambassador to Japan Hubert Heiss



Area

83,871 km².

Coastline: landlocked.



Climate

Temperate; continental and cloudy; cold winters with frequent rain, and some snow in the lowlands and mountains; moderate summers with occasional showers.



Major cities

Vienna (capital), Graz, Linz, Salzburg, Innsbruck, and Klagenfurt.



Natural resources

Oil, coal, lignite, timber, iron ore, copper, zinc, antimony, magnesite, tungsten, graphite, salt and hydropower.



Trade with Japan

Imports from Japan: €2.14 billion
Exports to Japan: €1.39 billion

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EBC PERSONALITY

TEXT BY TOBY WATERS

PHOTO BY KAGEAKI SMITH

Lorcan Brophy

Taking centre stage

While there must be countless phobias and anxieties that afflict us, surveys have, for decades, consistently found that public speaking is one of our greatest personal fears — it's at the top of the list for one in five of us. But unlike the fear of death, for example, it is one that can, with practice, be conquered.

Two years ago, shortly after moving to Tokyo from Dublin, Lorcan Brophy took the step of joining the public speaking organisation Toastmasters International as a way to become more comfortable being in front of people. And he hasn't looked back.

"I'm pushed to do something new that benefits me in every facet of my life, socially and professionally," he says. "Very simply, whether I feel it inside or not, I've learned to appear more confident."

Brophy — director of real estate accounting for a multinational retailer — has been recording each of his speeches since the beginning and can see the progress he has made.

"In my first speech, I just read 1,200 words in six minutes and got off the stage," he states. "My most recent speech was seven

minutes long, and I read only 500 words, but I engaged and interacted with the audience. I got smiles, laughs — and positive feedback."

When Toastmasters members aren't giving a speech, there is still a lot for them to do, including keeping time and giving evaluations. They also do "table topics" where they have to speak for two minutes on a random subject pulled out of a hat.

"All these things help you to develop so many different skills; they make you react quickly, make you more economical with your words," Brophy observes. "At work, I've become a lot more particular about people starting meetings late, or not having a structure — or a point. I can see what I'm learning creeping into things I do in my daily life in a positive way."

While Brophy says that he'll "never be an orator", he can certainly speak articulately — and at length — when the subject turns to Ireland. And, as a director of the Ireland Japan Chamber of Commerce (IJCC), he has plenty of opportunities to share his love of his homeland with others.

"We have a lot on offer in Ireland," he says. "People are shocked when I tell them we have a population under five million people. They say, 'That's not possible, you're everywhere!' But I think we punch above our weight from

Do you like natto?

Time spent working in Japan?

Two and a half years.

something done, and done to an equally high standard.

Career regret:

None. I've been lucky enough to have good role models and mentors throughout my career.

Secret of success in business:

A lot of people say, "Treat people as you'd like to be treated," but I'd take it one step further and say, "Treat people as *they* would like to be treated".

Favourite place to dine:

Sushi Dai in Tsukiji is one. And for good Irish home-cooking, the Kyojin no Shichu House in Osaki.

Do you like natto?

I eat absolutely anything that's put in front of me, but I would not go out of my way to order it.

Cannot live without:

Family, friends and adventure.

Lesson learned in Japan:

That I don't know it all. I've learned there are many ways to get

a business perspective, from a culture and arts perspective — think of our musicians and writers."

At the IJCC, Brophy is responsible for organising events to promote Ireland in Japan, a responsibility he both relishes and values.

"We have speaker events, professional get-togethers, social gatherings," he explains. "If we have business people

A close-up portrait of Lorcan Brophy, a man with short brown hair and green eyes, wearing a white button-down shirt. He is looking directly at the camera with a slight smile.

"I can see what I'm learning creeping into things I do in my daily life"

or politicians coming from Ireland, we often request they come and give us a presentation. We also have golf events and family Christmas parties."

Brophy is also involved with other Irish organisations in Japan. He has helped to organise The Ireland Funds' annual Emerald Ball.

"It's a black-tie ball; a fundraiser for Irish causes," he notes. "It showcases the best of

Irish culture, with a sit-down meal and live Irish dancing."

Like many in Ireland, Brophy grew up obsessed with watching and playing rugby. Today, he is excited for the 2019 Rugby World Cup in Japan and hopes that rugby will become more popular across the nation.

"If it takes off, that'd be a wonderful thing to see," he states. "Once Japanese people

get behind something, they're very passionate."

That said, while he wishes the hosts well in their matches, Brophy has one big fear.

"I hope Japan does well," he says, "but I don't necessarily want them to beat Ireland!" ●

Lorcan Brophy is a director of the Ireland Japan Chamber of Commerce and represents Ireland on the EBC's Executive Operating Board.



Human Resources

Getting to work

The EBC Human Resources Committee, which had been dormant until late last year, has spent the past few months mapping out a new direction. Now, it has two new co-chairs as well as several fresh faces from a diverse range of companies.

"We're very open with our discussions," says co-chair, Sonya Ito. "We do have core members who are always there, and we are constantly welcoming new people."

Ito explains that the committee is in the process of focusing in on some specific issues and recommendations for the EBC's next white paper. These fall under the three general topics of labour laws, pensions and workstyles.

When it comes to labour laws, overtime is a leading issue. Many committee members see Japan's legislation as highly inflexible.

"It's old-fashioned, out-of-date and isn't keeping up with what's happening in the world," says Ito, an HR manager at law firm Herbert Smith Freehills.

One recommendation the group would like to propose calls for a legal change that would allow workers to save up the overtime

hours they've worked and use them for holidays later.

"So, if there is a lot of overtime done in June, the employees could bank it, and then when it's quiet in August, they could use it as time off from work," Ito explains.

Such reform makes sense in Japan, since many businesses experience swings in activity depending on the time of year.

The next issue involves Japan's state pension system.

"I'm interested in how more countries can reach pension agreements with Japan," says committee member Eri Kubota.

All working people in Japan are required to contribute to the national pension system, but some from overseas complain it can be a raw deal. The minimum period a person must contribute to become eligible to receive a pension is 10 years. If a non-Japanese worker leaves the country before that time, they are eligible for a refund — but no more than an amount equivalent to three years' worth of contributions. That means people who contribute for more than three years but fewer than 10 are short-changed.

Pension accords between Japan and other countries allow for contributions made in one system to be recognised or transferred into another. Only some countries have such bilateral agreements with Japan while others don't.

"I'm working for a Danish company, but Denmark hasn't made such an agreement yet," says Kubota, HR manager at Coloplast KK. "I hope more coun-

tries can make these agreements to attract and retain more talent from other countries."

She adds that the committee can have a significant impact by bringing attention to the issue.

"It's difficult for a single company or country, but as a group, we can have a bigger voice," she explains.

As for workstyles, Ito says the Japanese government is "very much intrigued" by alternative ways of working. In the past couple of years, officials have mentioned such ideas as tele-working to ease commuter congestion during the 2020 Tokyo Olympics.

In a much larger context, Japan's employers are seeking new and flexible ways to deal with a severe labour shortage stemming from an ageing population and declining birthrate. The government is looking at proposals to ease immigration rules and make it easier for international job-seekers to come to Japan, moves that are welcomed by many employers.

There is no shortage of ideas. But Ito cautions that instituting real change in the office or on the factory floor tends to be a lot more challenging and complicated than many assume.

"As an HR professional, I understand that ideas can be thrown around," she says. "But to put them into practice, and to run them in an operational way, is not always that easy." ●

Advocacy issues

⌚ Overtime

Labour laws should be more flexible toward overtime.

⌚ Pensions

Japan should work with other countries to reach more pension agreements.

⌚ Workstyles

The government should promote initiatives on new workstyles to deal with Japan's severe labour shortage and the shrinking size of its working-age population.

Sonya Ito is co-chair of the EBC HR Committee and an HR manager at Herbert Smith Freehills.



Vitally important

Autumn in Japan is a time of stunning foliage, cooler temperatures, and seasonal treats, such as Pacific saury, Matsutake mushrooms and persimmons. But for the European Business Council in Japan (EBC), it is the time to begin the important work on the annual EBC white paper. Its correct, but less well-known title is *The EBC Report on the Japanese Business Environment*.

The white paper has, for 20 years now, focused on how to improve the Japanese regulatory environment for European businesses, but the issues and the content are continually changing. All the EBC committees are

involved in this work as they each have a dedicated chapter in the report.

This year will see the first white paper published since the final text of the Japan-EU Economic Partnership Agreement (EPA) was made official. While the agreed-upon changes reflect progress on issues in many industries, continued pressure needs to be applied to make certain that solutions are implemented once the EPA goes into effect.

This is one of the many reasons the EBC white paper remains so vital. It is a tool

that not only identifies issues, but also offers solutions. The white paper enables the EBC to meet with Japanese lawmakers and Japanese authorities at all levels, as well as with European politicians, European Commission officials, and many others. We are fortunate that several ministries in the Japanese government actively study the EBC white paper. It is truly a vehicle for change.

However, this does not happen automatically. Your participation is essential. Join an EBC committee and include your firm's issues in the white paper, then work to see them resolved.

And, don't forget to sponsor the white paper. We need your support to make this valuable work possible. ●



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EUROPEAN BUSINESS COUNCIL IN JAPAN
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Caring is sharing

The mission of AMED

With several top-quality research hospitals and universities across the nation, medical researchers in Japan have vast quantities of information at their fingertips. But — as Dr Makoto Suematsu, president of the Japan Agency for Medical Research and Development (AMED) makes clear — it has not always been as simple to get data as it is today.



Dr Makoto Suematsu and William Bishop, Jr.

Suematsu, speaking at an event titled The Mission of AMED: Data Sharing Beyond Borders, noted that data-sharing among various interests in the medical sphere has sometimes been difficult. The talk was co-hosted by the European Business Council in Japan, the American Chamber of Commerce in Japan and the Pharmaceutical Research and Manufacturers of America

"All the global funding agencies, like the [US's] National Institutes of Health, emphasise the importance of data-sharing, but only a few programmes are very successful," Suematsu explained. "Scientists and

bureaucrats, or rival universities — even if they all speak Japanese, they don't speak the same language."

But thanks to the efforts of Suematsu and AMED, the problems surrounding data sharing have been greatly reduced here. Founded three years ago, AMED conducts its own research, and also provides funding to organisations and programmes that are willing to share data with one another as a way to encourage further research and to better aid patients.

One such successful programme that Suematsu highlighted is AMED's Initiative on Rare and Undiagnosed Diseases (IRUD). It examines data on patients who have been suffering from illnesses for more than six months without being successfully diagnosed. IRUD attempts to match irregularities in the patient's genome data to others on their database with the same symptoms, in addition to checking against data from Tohoku University's Medical Megabank — which stores the genomes of

over 4,000 healthy Japanese subjects — to make the correct diagnosis.

As a way to promote greater sharing, IRUD has strict policies against holding data back from being published.

"If a researcher keeps data for three years after collecting it without publication, we will publish the data ourselves," Suematsu said.

IRUD's data-sharing efforts have already yielded positive results.

"Before AMED, the speed of diagnosis was very slow," Suematsu observed. "In our very first patient match, one subject had been on an odyssey, changing hospitals over and over for 19 years. But after she registered with IRUD, her rare disease was diagnosed."

This year, AMED joined the Global Alliance for Genomics and Health, a move

that will help the organisation in achieving the three main goals Suematsu has set for it.

"Our three 'beyonds' are: beyond diagnosis — we need to go beyond diagnosis and start gene therapy or other treatments; beyond genotype — we need to pay more attention to phenotypes, including medical records, particularly digital records; and finally, going beyond borders," Suematsu explained.

In order to share more data and save more lives, AMED has also made connections with hospitals, medical funding agencies and governments around the world. It recently signed a Memorandum of Cooperation (MoC) with the Ministry of Health in Lithuania.

According to Suematsu, Lithuania's tumultuous experience as Europe developed over the last millennium — going from the largest nation on the continent to one of the smallest — made the country reluctant to share data with other countries, especially its neighbours.

"This made case matching nearly impossible," he stated. "But after we [signed] the MoC, in just six months we diagnosed 100 [previously] undiagnosed patients, and were able to diagnose a three-year-old Lithuanian patient with a vitamin B transporter deficiency by matching their genome with that of a deceased Japanese patient with the same disease. This diagnosis saved the Lithuanian patient's life."

Despite some ongoing difficulties with data sharing — both domestically and internationally — the progress that has been made in recent years promises to be indispensable in the fight against disease all over the world. ●



The Agenda

<p>OCT. 10 & 11</p> <p><u>GERMAN CHAMBER OF COMMERCE AND INDUSTRY IN JAPAN</u></p> <p>German Wine Festival 2018</p> <p>TIME: 18:30-21:00 VENUE: HAPPO-EN, Shinagawa FEE: ¥7,000 (members), ¥9,000 (non-members) CONTACT: events@dihkj.or.jp</p>	<p>OCT. 21</p> <p><u>SPANISH CHAMBER OF COMMERCE IN JAPAN</u></p> <p>Tokyo Verdy x Tokushima Vortis "Spain Day"</p> <p>TIME: 14:00 VENUE: Ajinomoto Stadium FEE: Special discounts available for SpCCJ members and Spanish nationals CONTACT: info@spanishchamber.jp</p>
<p>OCT. 11</p> <p><u>IRELAND JAPAN CHAMBER OF COMMERCE</u></p> <p>IJCC/BCCJ joint networking event</p> <p>TIME: 19:00-21:00 VENUE: Irish Ambassador's residence FEE: ¥5,500 (members), ¥8,000 (non-members) CONTACT: secretariat@ijcc.jp</p>	<p>OCT. 26</p> <p><u>SWISS CHAMBER OF COMMERCE AND INDUSTRY IN JAPAN</u></p> <p>Company visit at Sunstar & Lunch at Swissôtel</p> <p>TIME: 9:00 to 14:30 (approx.) VENUE: Sunstar Inc. Takatsuki Plant & Swissôtel Nankai Osaka FEE: TBC CONTACT: info@sccij.jp</p>
<p>OCT. 18</p> <p><u>FRENCH CHAMBER OF COMMERCE AND INDUSTRY IN JAPAN</u></p> <p>European Joint Chamber Networking Party 2018</p> <p>TIME: 19:00 to 21:00 VENUE: TBC FEE: TBC CONTACT: reservation@ccifj.or.jp</p>	<p>NOV. 1</p> <p><u>FINNISH CHAMBER OF COMMERCE IN JAPAN</u></p> <p>Luncheon Meeting Speaker: Kjell Forsén</p> <p>TIME: 12:00 to 14:00 VENUE: Hotel Okura, South Wing, Kensington Terrace FEE: ¥7,000 (members), ¥9,000 (non-members) CONTACT: fccj@gol.com</p>
<p>OCT. 19</p> <p><u>SWISS CHAMBER OF COMMERCE AND INDUSTRY IN JAPAN</u></p> <p>October Luncheon — Andreas Furrer</p> <p>TIME: 12:00 to 14:00 VENUE: ANA InterContinental FEE: ¥6,500 (members), ¥8,000 (non-members) CONTACT: info@sccij.jp</p>	<p>NOV. 2</p> <p><u>BRITISH CHAMBER OF COMMERCE IN JAPAN</u></p> <p>2018 British Business Awards</p> <p>TIME: 18:30 to 22:30 VENUE: Grand Hyatt Tokyo, 3F Grand Ballroom FEE: ¥28,000 CONTACT: info@bccjapan.com</p>
<p>OCT. 20</p> <p><u>IRELAND JAPAN CHAMBER OF COMMERCE</u></p> <p>Ireland Japan Ambassador Golf Challenge</p> <p>TIME: 8:00 VENUE: Harunanomori Country Club (Gunma Prefecture) FEE: ¥19,000 (members), ¥21,000 (non-members) CONTACT: secretariat@ijcc.jp</p>	<p>NOV. 2</p> <p><u>BELGIAN-LUXEMBOURG CHAMBER OF COMMERCE IN JAPAN</u></p> <p>Gala Ball — "Back to 1978"</p> <p>TIME: 18:30 to 23:00 VENUE: Conrad Tokyo, Kazanami Ballroom (Shiodome Station) FEE: ¥22,500 (members), ¥26,500 (non-members) CONTACT: info@blcjj.or.jp</p>



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Japan's Leading
Breast Cancer Foundation

DATE:
December 8th, 2018 (Sat)

日時：
2018年12月8日（土）
9:00-13:00

TIME:
9:00 a.m. - 1:00 p.m.

場所：

日比谷公園 / 日比谷公園近辺の公道

VENUE:
Hibiya Park / around the Park and nearby streets

種目：

TYPES:
5K / 10K Run and 3K Walk

5K / 10Kラン・3Kウォーク
の予定

変更の可能性あり

PARTICIPATION FEE:
¥5,000 (adults) / ¥2,500
(children 6-12 year-old) /
Free (children 5 and below)

参加費：
5,000円（大人）/ 2,500円
(6-12歳) / 5歳以下無料

登録 / Registration

rftcjapan.org



Gene genie

Commercial DNA testing is coming to a test tube near you

Even if you haven't been watching the UK or US versions of the TV programme *Who Do You Think You Are?* — in which celebrities explore their family trees through travel and genetic analyses — it'll probably come as no surprise that consumer DNA testing has become hugely popular. Some kits can test for breast cancer risk; some for how old you are in biological terms, which gives some insight into life expectancy, by looking at telomere length; and some for how much DNA you have in common with a Neanderthal. Whether you want to know more about your ethnic background, your family tree or your propensity to certain diseases, there's a test kit out there waiting for a gob of your spit.

The market for consumer DNA testing has rapidly expanded in recent years, hitting \$73 million in the US in 2017. More than 12 million people have had their DNA analysed with direct-to-consumer tests, *MIT Technology Review* reported earlier this year, citing industry estimates. Utah-based Ancestry.com, which sponsors *Who Do You Think You Are?*, says it has tested some 10 million people. It offers its test kits for as little as \$59, with the tagline "AncestryDNA can connect you to the cultures, cuisines, and traditions of your heritage in a deeper way."

There are dozens of DNA testing firms, mostly based in the US, but the phenomenon is taking root in Europe and Japan — and business deals are blooming. British pharma giant GlaxoSmithKline recently announced that it is investing \$300 million in an Ancestry.com rival 23andMe, a California firm that does consumer testing

for ancestry and health, in order to use its genetic database to guide drug development. Hong Kong-based genetic testing company Prenetics acquired London's DNAFit earlier this year. MyHeritage, an Israeli-based DNA testing firm, is opening a distribution centre in the Netherlands to help ship its \$69 kits in Europe; in June, it reported that sales across Europe were up 450% in the first five months of 2018 compared with the same period a year earlier.

In Japan, Genesis Healthcare and Genequest dominate a market that's expected to grow to ¥6.6 billion by 2022, up from ¥4.3 billion in 2017, according to Bloomberg. The companies charge from ¥5,000 to ¥30,000 to test for the likelihood of developing health conditions such as diabetes, allergies and alcohol intolerance. Another Japanese player is Mycode by DeNA Life Sciences, a subsidiary of mobile gaming giant DeNA.

But before you send off a sample in the hopes of learning more about your health and heritage, consider that these tests may not be as accurate as they claim. If you've been told, for example, that you're 30% Dutch and 7% Scandinavian, you might want to take those results with a pinch of salt, according to one expert.

"It's all about interpretation," Debbie Kennett, a University College London genetics researcher, told *The Guardian*. "For genealogical purposes, they are useful for cousin matching. But what is much less reliable is the ethnicity figures. That is generally reliable only at the continental level." ●

MEETING DEMAND

TEXT BY LUCAS LOW

In our interconnected world — where consumers are becoming more and more reliant on online shops and businesses need increasingly larger amounts of goods delivered to destinations around the globe — the logistics industry is there to facilitate every kind of shipment. But growth in this sector means that with greater demand there are new challenges, each one requiring innovative solutions.

CONSISTENT RELIABILITY

As technology improves, clients assume deliveries will be smoother and happen more seamlessly than ever before, and industry leaders are working to meet and exceed customers' expectations.

"Thanks to our logistics centre here in Japan, we are able to link our customers' international transports more closely with their local supply chains," says Stefan Aebi, managing director of **Gebruder Weiss**. "This allows us to not only optimise end-to-end costs but also to create full delivery transparency."

Nichirei concentrates on constantly improving its high-volume, high-demand service.

"We invest in facilities in major metropolitan areas where logistics demand is consistently focused on cargo booking," one spokesperson said. "Using our extensive assets, we offer ideas for distribution reform and high-quality operational management."

While keeping up to date with the latest technological developments is important, **Santa Fe Relocation Services** is careful not to forget the basics.

"We value technology, but we value our relationships more," says Sales Director Pascal Latui. "We maintain a strong level of trust with our vendors, and our management puts a priority on engaging with our employees on the ground."

DEVELOPING SERVICES

As the volume of deliveries rises, firms are going to greater lengths to not only keep their service consistent, but also improve it.

"Last autumn, we increased our logistics footprint by opening a new warehouse facility in the Kanagawa area," Aebi tells us. "This location is fully staffed by our own employees and equipped with the Gebruder Weiss IT landscape, including custom hardware and software, giving customers live access to changes in stock values."

Latui highlights Santa Fe's dedication to excellence.

"We conduct a global mobility survey to glean insights from hundreds of industry professionals in over 50 countries, as well as a growing number of business leaders — many of whom are EBC member companies," he says.

Nichirei's network allows it to effectively transport even specialist cargo.

"Thanks to our logistics centres and delivery hubs throughout Japan, we provide a foundation to meet a wide range of logistics needs, including storage and cold chain logistics," its spokesperson reports.

ADVANCES IN TECHNOLOGY

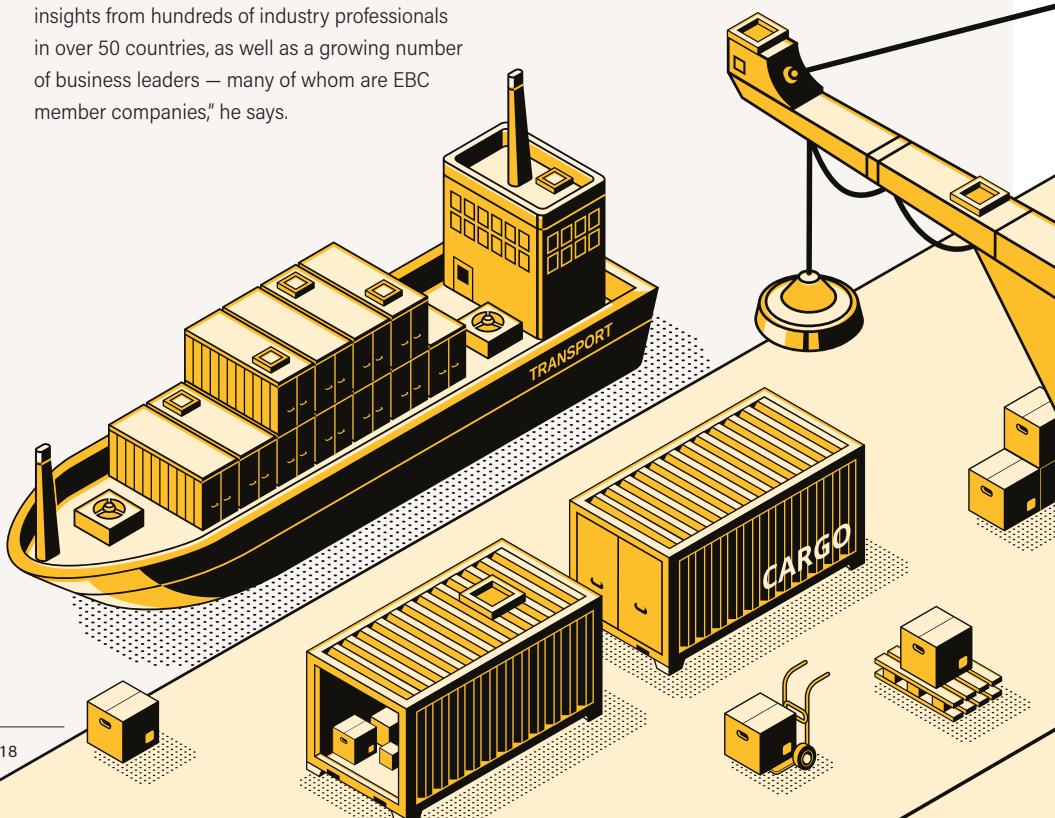
The rise of automation and improved software is also having a major effect on the industry, providing opportunities for better service for both clients and customers.

To take one example, Aebi says that, "Since 2012, the leading global manufacturer of lingerie and underwear has relied on Gebruder Weiss. Their nationwide point-of-sale material orders are processed via custom GW systems, a combination of warehouse management software, the *xvise* web-shop and electronic data interchange with a local parcel service provider."

In addition to keeping the fundamentals covered, Santa Fe has been investing in tech solutions.

"Over the last few years we have been using a cloud-based intranet known as CORE, which enables our clients to track the progress of international assignments," Latui says.

As customers increasingly opt to have goods delivered, and businesses become even more reliant on time-critical deliveries, the changes and improvements in the rapidly evolving logistics space will continue to benefit many for years to come. ●





The right thing to do?

The end of an era at the European Central Bank

The European Central Bank (ECB) is about to end its quantitative easing (QE) programme. Starting this month, it will steadily reduce monthly bond purchases, from the current €30 billion a month down to zero. But is ending QE really the right thing to do?

As the large-scale creation of new money comes to an end in the eurozone, the region's sovereign and corporate bond yields are likely to rise as euro liquidity becomes scarcer. But some economists are warning that, after a much weaker-than-expected first half of the year, the eurozone economy may not be able to bear higher borrowing rates.

This is particularly relevant given that the US Fed is reducing dollar liquidity at the same time – by destroying \$50 billion a month – as it reverses its own QE programme. This is likely to have a knock-on effect on other currency lending rates, such as the euro, as issuance increases in the major non-dollar currencies.

In July, the IMF reduced its estimate for eurozone GDP growth this year to 2.2%, from the 2.4% it forecast in April. Leading indicators, such as a rapid slowdown in M1 money supply, suggest there are risks for further downside revisions.

Regional unemployment is coming down, but remains high at 8.2%, largely reflecting the difficulties governments continue to face in making their labour markets competitive. Nevertheless, a somewhat tighter labour market has resulted in wage growth hitting a five-year high – of just 2.2%.

Slightly higher wages have not led to an inflation problem, with headline consumer price index inflation in July matching the 2% inflation target set by the ECB.

Who will be affected as the ECB stops buying new bonds? The first to feel the pinch, possibly dramatically, will be eurozone high yield borrowers. When the cost of capital rises, investors traditionally shun the weakest companies first.

Undercapitalised banks in the eurozone may wish they had taken on more equity funding in recent years.

Eurozone governments will also suffer from higher borrowing costs, something many are unprepared for. The bulk of deficit reductions in the region in recent years have come from the lower cost of government debt, thanks to the ECB's QE programme, with some help from higher taxes.

Actual eurozone government spending has barely fallen.

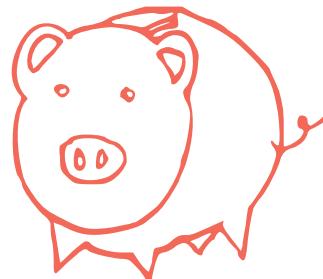
The German newspaper *Handelsblatt* has reported that the 19 eurozone countries have collectively saved €1.15 trillion in interest payments since 2008 due to ECB rate cuts and, from 2015, its QE programme.

Unfortunately, few of the structural reforms that should have been taken when borrowing costs were low have been taken. Of the larger countries, only the German and the Dutch governments, both expecting budget surpluses of 1.3% of GDP

this year, appear to be in safe harbours. These two sovereigns have made themselves not only relatively immune to higher euro borrowing costs, they also have the fiscal space to increase public spending should the regional economy enter a weak patch.

To reassure the markets that the ECB's monetary policy will not be tightened too much, too soon, Mario Draghi, president of the ECB, has promised to keep its key interest rate unchanged "through the summer of 2019", or longer if necessary.

But Draghi's eight-year term is coming to an end in late 2019. This risks making Draghi's dovish assurances redundant as investors look to his successor. The current favourite for who this will be is Jens Weidmann,



the German member of the Governing Council, who has always taken a hard line against the ECB's loose monetary policy.

Perhaps it would be better for the ECB to see what impact the Fed's policies will have on global dollar liquidity, and whether higher dollar lending rates will spill over into higher euro rates, before adding fuel to the fire. ●

Tom Elliott is an international investment strategist with the deVere Group in London.



Take the Next Step

Bilingual Recruitment Solutions (BRS), a division of PERSOL CAREER, is looking to hire experienced recruitment consultants for potential leadership opportunities.

PERSOL CAREER is one of Japan's leading recruitment firms and is actively expanding its international footprint. BRS specialises in placing bilingual mid-senior level professionals into both Japanese and international firms across numerous industries. Since its establishment in 2012, BRS has expanded rapidly. Our office environment is multicultural and multilingual, committed not only to providing exceptional service to clients but also to improving the skills and enhancing the careers of our consultants so that they can become future leaders.



For a rewarding career in a growing, global company, visit our hiring webpage at <https://brs-p.jp/en/about/work>, or feel free to contact us directly at:
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Breaking the cycle of poverty

The Nippon Foundation Kids Support Project

One in seven children in Japan live in poverty. According to data from the Ministry of Health, Labour and Welfare, Japan's relative childhood poverty rate in 2015 was 13.9%.

Although the general image of poverty tends to be one where people lack food and other daily necessities, known as absolute poverty, this figure refers to children who live in relative poverty. This is defined as having income of less than one-half the national median of disposable income, where the average standard of living cannot be maintained. While they may not lack daily necessities, these children are at an extreme disadvantage in terms of medical care, nutrition, learning and educational advancement. Even more seriously, they are denied opportunities and possibilities, and this leads to an ongoing cycle of poverty from which future generations cannot escape.

The Nippon Foundation — a private, nonprofit organisation that works to resolve social issues in Japan and around the world — strives to help children deal with the difficulties they face in daily life and, ultimately, to realise a society in which all children can live in happiness. In addition to supporting children's futures, our primary areas of focus are on conducting activities for those with

disabilities and on assisting with disaster relief and recovery. Together with corporations, governments, international institutions, researchers, other NGOs and volunteers, we formulate joint proposals to address these issues and implement projects that address people's actual needs.

One such project is The Nippon Foundation Kids Support Project, a multifaceted endeavour that coordinates support for special childhood adoption programmes; assistance for seriously ill children; and educational support for children who refuse to attend school or who live in children's facilities or with foster families. As part of this project, we are also addressing the issue of childhood poverty. Specifically, The Nippon Foundation is providing children living in relative poverty with "third places", which are neither the child's home nor their school, where a supportive community of people provides local children with another place where they can feel at home.

In the past, when they were neither at school nor at home, children of all ages played together in their neighbourhood; and by learning from older children, younger children would develop, what we call at

The Nippon Foundation, their "strength for living" — meaning self-esteem and how to become responsible members of the community. In recent years, however, shifts toward nuclear families and urbanisation have weakened community bonds, resulting in children having fewer opportunities to interact with people, other than at school or at home. The problem is even greater for children who are at an economic disadvantage.

To address this, third places give children a physical space, a meal, specially trained staff, and community volunteers who interact with the children on a daily basis. This enables children to develop self-esteem, a routine for daily living, good study habits, and other impor-

One in seven children in Japan live in poverty

tant traits needed to become confident and independent individuals — in an attempt to break the cycle of poverty.

The Nippon Foundation has budgeted ¥5 billion to set up these centres. Currently seven facilities have been completed, and we have a target of opening 100 third places nationwide. We are observing how children are changing as they spend time in this environment. That information will be used to develop more effective strategies and activities that can be incorporated into existing programmes for after-school care, and to roll out those programmes nationwide. ●

Natsuko Tominaga is the senior officer of public relations at Japanese NGO The Nippon Foundation.



Children sharing a meal with staff at a 'third place'

COURTESY OF THE NIPPON FOUNDATION

JAPAN'S CULTURAL HERITAGE

A living tradition

Embodying a long history of traditional Japanese culture, *geiko* (the preferred term in Kyoto for *geisha*) and *maiko* (an apprentice *geiko*) are said to be walking art. They endure strict training to understand and perfect — as well as protect and preserve — the artistic skills they need as *geiko*. By 15 years old, girls make the decision to become *maiko*, then they are taught how to speak correctly, dance, and play the shamisen and flute. They are also educated in tea ceremony and flower arrangement. In their beautiful kimono, and adorned with traditional accessories, *geiko* and *maiko* continue to impress people the world over with the beauty of Kyoto.



Behind the intricate beauty of the *maiko* and *geiko*

From October 3 to November 9, a special, free exhibition, called The Traditional Beauty of Kyoto Supporting Geiko and Maiko Culture, is highlighting the culture of Kyoto — the ancient capital of Japan. In particular, it will focus on the culture surrounding *geiko* and *maiko*.

With displays of *hanga* woodprint art, kimono for *geiko*, and Japanese fans, guests can learn about Kyoto's timeless traditional crafts, clothing, and entertainment by visiting our Art Lobby on the third floor.

We will also have on display a photo exhibit of the Gokagai entertainment district of Kyoto famous for *geiko*.



Experience the beauty

On October 25 at 4:00 p.m., there will be a free traditional dance performance in the 3F lobby by a *geiko*, a *maiko*, and a musician. This is a unique opportunity to see *geiko* and *maiko* up close in Tokyo.

There will be a separate performance at 6:00 p.m. in our *kaiseki* restaurant, Soujujan, while guests dine on food from a specially prepared menu by Chief Chef Eiki Sasaki, for 30,000 yen.

We invite you to join us as we bring Old Japan to our modern capital.



Japanese Cuisine Kagari
Dinner (above): 12,000 yen / Lunch: 4,200 yen



THE HOME OF MICE EVENTS IN JAPAN

Where it all started

Today, MICE — or meetings, incentives, conferencing and exhibitions — is a commonplace concept for businesses around the world, but in Japan these types of events first began at Keio Plaza Hotel Tokyo. For more than 45 years, it has hosted over 1,200 events for companies, NGOs, governments, and inter-governmental organisations — including the United Nations. It has also held major conventions and trade fairs.

The hotel has 1,438 guest rooms, allowing for even large groups to be accommodated. Our dedicated MICE coordinators are available around the clock to help you meet your needs. As the originators of MICE events in Japan, Keio Plaza Hotel Tokyo has unparalleled experience and skill at facilitating successful meetings and conferences.



The ideal venue

With five main banquet halls that can hold a combined total of more than 4,000 people, as well as rooms for breakout sessions or smaller gatherings, Keio Plaza Hotel Tokyo has spaces for any size of event.

Corridors connect the main building and south building, and escalators allow participants to easily move between the meeting rooms on the fourth and fifth floors.

Delicious delicacies wherever you go

In addition to fully catered buffets or formal sit-down meals, attendees of MICE events have an extensive choice of dining options — including Japanese, Chinese, and Western cuisine — at the hotel's many restaurants and bars.



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RECRUIT-TECH

TEXT BY LUCAS LOW

It's no secret that the world of work has been transformed by technology. Our gadgets have made communication much more efficient while keeping us connected to the office. The recruitment sector — which is helping us to find our jobs — is also seeing rapid technological developments.

BESPOKE SOLUTIONS

While many of us are familiar with employment sites like LinkedIn — and, indeed, most recruitment specialists make use of such sites to advertise positions — many firms have taken it upon themselves to develop their own specialist software.

"We focus on high value, mission-critical search and recruitment, and we're now experimenting with video resumes," explains Murray Clarke, president of **Experis Executive**. "In one case, our competitor introduced 52 candidates, and they made one hire. We introduced four with video resumes and got two hires. It's the power of video, compared to a text resume."

Vijay Deol, president of **enworld**, highlights developments at his firm's parent company that foster an environment of perpetual improvement.

"We developed an app so that, after someone starts a new job, they can give updates about

how they feel," he says. "They answer simple questions; and we collect data to improve our success rate of both onboarding and ensuring that people successfully start their new job."

At **Titan Consulting**, principal consultant Anthony Huynh believes that the use of tracking technology has helped find candidates who are serious about getting a job.

"We can monitor how engaged the candidates are before we even speak to them," he states. "How many times have they read our e-mails? When did they read them? What links have they clicked?"

USER-FRIENDLY

The benefit of new technology isn't just limited to making the work of a recruiter more efficient, but also extend to candidates and clients.

Clarke notes how helpful it is to be able to make placements wherever you are.

"If you can't get access to your data — whether on the train or at home — you can't move a deal along for client, which puts you at a big disadvantage," he observes.

Huynh agrees that making things easier for the end-user yields positive results.

"We switched to a Japan-based system, and we can change anything that we want inside it," he says. "We've been able to increase our searches from between five and 10 to potentially 25 a day, due to speed and user-friendliness."

Deol highlights his firm's attentiveness.

"One of the big complaints or frustrations candidates have with recruitment firms is that consultants are not able to follow up in a timely fashion," he says. "Thanks to app notifications, a consultant can follow up on something they might have otherwise forgotten about."

RECRUITMENT'S FUTURE

Although the recruitment market has already been reshaped by technology, recruiters are still looking to the future.

"Robotics, automation and AI are the big things in terms of how consultants are interacting with clients and candidates," Deol tells us, "and also how we're able to remove routine and non-value-added work that consultants are doing."

Clarke says: "Technology is a great leveller of the playing field, and if a recruiting firm can provide high-value services through a deep understanding of the technology and get the most out of it, then I think they will outperform their peers."

While technology is important, Huynh emphasises that the human touch can make all the difference.

"We're a smaller boutique," he says. "Everything we do is centred on how we can make things easier for the candidate to get in touch with us."

The increasing specialisation of recruitment demands concurrent specialisation of software and expertise. Doing this successfully will bring huge opportunities for recruiters, clients and candidates alike. ●





Golf on a shoestring

Cheaper weekend golf in Japan

Golf is very much a weekend activity in Japan, which makes it both expensive and more difficult to book rounds. If you're planning a day or two of golf on a Saturday and Sunday — and don't want to spend too much — you have to find the right courses and, perhaps, accommodation. And you also need a plan. Here are a few ideas to help.

GO FARTHER AFIELD: In the bubble era, courses were being built everywhere because golfers — willing to pay the skyrocketing membership costs — would go anywhere they could to get a game in. When the bubble burst, some of these golf clubs went out of business, while others struggled on, and many of these finally realised that they had to change to survive. So, they became more flexible in their pricing and plans. Some now include both breakfast and lunch, others allow you to play through previously enforced meal times, and some have earlier and later starting times.

While the more accessible courses in Japan are both busier and more expensive,

some of the surviving bubble-era courses a little farther afield no longer seem quite so far away. New highways built in the last two and a half decades have made it a lot easier to get to many of these courses. The weekend toll reductions on the Tokyo Aqua-Line and the opening of the Ken-O Expressway have, for example, brought many Chiba courses much "closer" to Tokyo and Yokohama.

STAY AND PLAY MORE: Also during the bubble era, some clubs added accommodation, sometimes within the clubhouse or in a separate building. Some of these facilities are full-blown hotels with large rooms and catering services — Yugashima Golf Club and Hotel Toen in Shizuoka is a good example. Others are defined as "lodges", usually with en-suite, twin-bedded rooms, as well as breakfast service in the clubhouse (for example, Takasaki KG Country Club in Gunma Prefecture).

At some courses, you can get a deal for two rounds of golf, meals and accommodation for as little as ¥20,000, sometimes less. One option is to play the same course on consecutive days. Some clubs have 27, 36 or even 54 holes, allowing for a greater variety of play. Alternatively, you can play at one club, then move to another for your accommodation and the following day's golf. Quite a few courses offer the option to play a round and a half and there are a few that even offer two rounds in a day, split by lunch — often at very reasonable rates.

SEND YOUR CLUBS AND TAKE THE TRAIN:

Driving to and from golf courses from places such as Tokyo can be a draining affair. Actually, driving to a course is relatively easy; it's getting back when the roads are packed at the weekend that is often frustrating and time-consuming. This can be avoided, and can even work out cheaper and faster, if you send your clubs by a delivery service and take the train. If you want to save more money, a set of clubs does fit on most train luggage racks. Sending your clubs one way will cost around ¥1,500, while a train journey into Tokyo's surrounding prefectures will be about the same. Most clubs have free bus services from major stations to the clubhouse. ●



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CELLAR NOTES

TEXT BY ALLISON BETTIN

Liquid assets

Three tips on investing in wine

Fine wine offers a rare sort of investment. Its ROI is startlingly high — in 2016, the index performance of fine wine was 26% — or, if you decide that your Château Margaux would be particularly nice for a Friday night date, you can simply count your losses (if you'd call it that) and drink your liquid gold. It does take some savviness to make wise wine investments, as well as a fair amount of money, so here are a few tips to keep in mind as you ponder your first purchase.

BUY THE RIGHT WINE

Many of us may have tasted a wine from some tucked-away vineyard and thought, “This is the next Screaming Eagle!” But in the fine wine arena, French Bordeaux and Burgundy always fetch the highest prices and offer the best ROI. Bordeaux *premier crus*, or first growths, account for around 40% of the fine wine market, while fine Burgundy is starting to catch up. Domaine de la Romanée-Conti, the most famous producer in Burgundy, sells bottles of its 2015 vintage for around €14,500 each.

Serious wine investors, however, skip the headache of selecting wines themselves and

hire a manager to diversify their portfolio.

STORE PROPERLY

Selling your fine wine is a bit like selling your car — the buyer won't feel comfortable unless records have been kept that detail maintenance and repair. For wine, the key is storage. Temperature fluctuation is detrimental to wine's delicate ageing process, so wines should be kept below 12°C and at around 70% humidity. If you think your home cellar is adequate, think again. When it comes time to sell, buyers are looking for meticulous storage records that prove the wine has been kept in ideal conditions, and these records are most well-received when they come from management companies that have temperature-controlled storage units with insurance. Though



their services are pricey, these companies are well-versed in the world of fine wine and help their clients with everything from purchasing decisions to storage to brokering sales.

CONSIDER EN PRIMEUR

Fine French wines are so sought after that it's hard to imagine getting your hands on a bottle simply for enjoyment, much less investment. For those willing to take higher risks for higher returns — and more thrill — the *en primeur* market may be the ideal choice. *En primeur* refers to the opportunity to buy wines while still in the barrel, and is historically a French tradition, though other countries are beginning to adopt the practice. *En primeur* wines are significantly cheaper than bottled wines because they haven't yet been rated by critics, so the purchaser would be relying on that year's climate data to determine grape quality. Risks may be high, but for those who make smart purchases, returns can be as high as 40% after only one or two years. ●

“in the fine wine arena, French Bordeaux and Burgundy always fetch the **highest prices** and offer the best ROI”





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DOWN TIME

TEXT BY ANDREW HOWITT



Go Mugino

Company: Lladro Japan Co., Ltd.
Official title: President & CEO
Originally from: Hsinchu, Taiwan
Length of time in Japan: 37 years

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

The Innocent Carvery in Nishiazabu.

What do you do to stay in shape?

Horseback riding and swimming.

Name a favourite movie:

The Shawshank Redemption.

Favourite musician: Bob Marley.

Favourite album: Bob Marley and The Wailer's *Legend*.

Favourite TV show: *The Solitary Gourmet*.

Favourite book: *The Da Vinci Code* by Dan Brown.

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

I'm trilingual. I speak English, Mandarin Chinese and Taiwanese.

Cats or dogs?

Neither. I like horses.

Summer or winter?

Summer.

What's your ideal weekend?

Spending time with family.

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

After a busy week, I prefer to go home and be with my family.



NATATA / SHUTTERSTOCK.COM

"Favorite musician? Bob Marley"



Tsutae Kogure

Company: LVMH Cosmetics K.K.
Official title: Regulatory Affairs & Quality Assurance Manager
Originally from: Saitama, Japan

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

I really like Pastaio Labo in Sugamo. They make their pasta from scratch – it's incredible.

What do you do to stay in shape?

I do some stretching exercises every morning and swim twice a week before work.

Name a favourite movie:

My Neighbour Totoro.

Favourite musician: Carole King.

Favourite album: *Tapestry* by Carole King.

Favourite TV show: An NHK documentary about dogs called *Sekai Wan Wan Docu*.

Favourite book: *Konokuni no Katachi* (The Shape of this Country) by Ryotaro Shiba.

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

I'm a licensed tea ceremony instructor. I would like to teach tea ceremony to people from other countries in the future.

Cats or dogs?

Definitely dogs.

Summer or winter?

Winter, for skiing.

What's your ideal weekend?

A nap after a game of golf.

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

Home with my husband.



"I would like to teach tea ceremony to people from other countries in the future."



WORK PLACE

TEXT BY ANDREW HOWITT

PHOTO BY KAGEAKI SMITH

GAVIN MCCOLE,
MANAGING DIRECTOR

Trotec Laser Japan Co. Ltd.

Trotec Laser GmbH, an Austrian company with 17 international subsidiaries, develops laser processing machines that are used by businesses across a wide range of industries.

“Our motto is ‘Setting new standards’,” says Gavin McCole, managing director of Trotec Laser Japan. “And this is exactly what we are striving to achieve — at every level of our company, and in the Japanese market.”

Trotec Japan has enjoyed an average annual growth rate of over 25% since 2008, with more than 1,100 laser systems installed.

“We are currently broadening our product lineup in Japan,” says McCole. ●



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EVG's solutions have played an important role in supporting the Japanese semiconductor market as it has evolved from leading-edge logic and memory manufacturing to include the production of advanced MEMS, image sensors, power devices, optical components and high-functional materials.

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