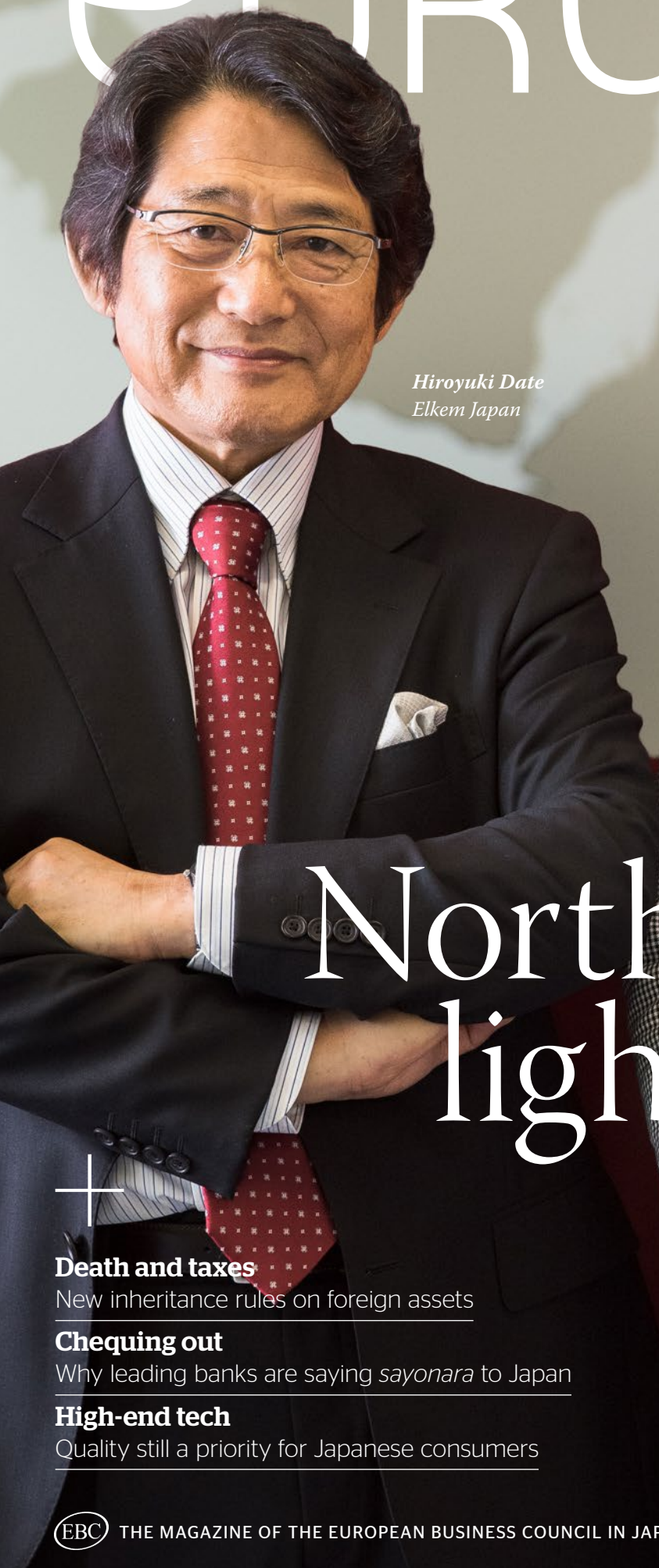


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Hiroyuki Date
Elkem Japan

Tadao Kasahara
REC Solar Japan



Northern lights



Death and taxes

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EURObiZ Japan welcomes story ideas from
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photographers. Letters to the editor may be
edited for length and style.

EURObiZ is now available onboard Turkish Airlines business class,
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Contributors

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

"Getting to write about death and taxes
in one article; what more could one ask
for? Learning about Japan's inheritance
tax system, and other related financial and
fiscal rules, actually opened my eyes and
got me thinking about the future. While

Gavin Blair
investigates Japan's
new laws on
inheritance taxes,
page 12.



I may never be paying those top rates, it
made me realise it is worth at least under-
standing how it all works."



David McNeill
finds out why
global banks are
checking out of
Japan, page 14.

David McNeill writes for *The Economist*,
The Irish Times and other publications.

Allison recently relocated to Tokyo from
Hong Kong, where she received her
degree in journalism and geography. She
holds a Level 3 Award from the Wine and
Spirit Education Trust.

"What first drew me to the world of wine
was not actually the drink itself, but every-
thing it encompasses: geography, culture,
history, food and craftsmanship. I am ever

He is co-author of the acclaimed
book of survivor stories *Strong in
the Rain* (Palgrave Macmillan, 2012).

"It does seem odd that one of the world's
richest countries is a turnoff to foreign
banks until you look at the bottom line: a
saturated domestic market, stiff competi-
tion and low returns. Add in tougher post-
2008 global rules on capital adequacy and
it's a wonder so many banks stay at all."

Allison Bettin
contributes our
new wine column
Cellar Notes,
page 45.



enchanted by the dynamism of the wine
industry and all it has to offer."

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The South Wing will remain open for business during the Main Building reconstruction that will start in September.

Holiday-making, banks and new columns

August is a traditional holiday time for many readers, as they make efforts to escape the city crowds and humidity. We at *EURObiZ Japan* hope everyone had a safe and happy holiday.

While some take time off, our writers continue their diligent work. For example, Gavin Blair's article on death and taxes (page 12) might shock you. As he explains, changes to Japanese inheritance rules means that any money you might receive – or leave to your family – could be taxed, even if the assets are overseas.

David McNeill contributes a piece on the plethora of foreign banks that have exited Japan for other Asian centres. Why are they withdrawing? Can the Japanese government do anything to help them stay?




Our EBC Personality this month (page 22) features Christine Edman, a successful and fascinating woman who proves that running a winning company in Japan doesn't mean one has to forego family life. Edman is a big believer in a strong work-life balance, not only for

her own staff, but for the country as a whole.

Finally, we're excited to debut a couple of new columns. "Cellar Notes", written by Allison Bettin (page 45), takes *EURObiZ* readers beyond the bottle, into all areas of wine production, tasting and enjoyment. And Jason Kendy contributes our first "LGBT Times", a piece that examines gay and lesbian issues in the modern workplace.

We hope these new columns add to your enjoyment of the magazine.

Thanks for reading! 

Mike de Jong
Editor-in-chief

dejong@paradigm.co.jp



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Role model

Haruno Yoshida, Vice-chairman, Keidanren Board of Councillors

Text **MIKE DE JONG**

Photos **ALFIE GOODRICH**

Earlier this year, BT Japan president and representative director

Haruno Yoshida made history, when she was appointed to the Keidanren, the Japan Business Federation. In accepting the nomination, Yoshida became the first woman ever named to the influential and conservative business lobby group. In this interview with *EURObiZ Japan*, Yoshida discusses the significance of her appointment and what it means for other female executives in Japan.

What was your reaction upon being named to the Keidanren?

I couldn't hear their words. It was not like I couldn't understand what they were saying, just that I couldn't hear. I thought my Japanese was out of order or something. When you find out something so extraordinarily surprising ... you don't [actually] hear it. So that was my reaction. But probably 30 seconds later, all I could say was, "Thank you, but that's not me." Honestly, I felt that way. I had the image of that organisation probably the same as everybody else, and I just couldn't imagine that I would fit in there.

As the first woman named to what has been called an all-male club, do you consider your appointment historic?

I would say there were three

extraordinary features of my appointment. First, I'm female and young: 51 years old. And I'm from a non-Japanese company. Those three elements make this appointment news. So you can imagine how Japan is changing under Prime Minister [Shinzo] Abe and Keidanren Chairman [Sadayuki] Sakakibara. Also, I think the significance of this is that, symbolically, the message being sent out to the market is that [Keidanren] will now include those who have different opinions and backgrounds. So that's their declaration: that they will definitely support, in many ways, diversity and inclusion.

What do you hope to accomplish with this appointment?

You know, I cannot do anything by myself. But, probably, I'm a symbolic

figure, and this is a symbolic event, so ... usually the media asks me, "What would you like to change?" My response is usually, "[They] already changed when they decided to offer me this position." So all I need to do is make sure I am myself. Because that's why they selected me – the differences and my unique background. And probably [due to] my uniqueness, they needed fresh air. The chairman, Sakakibara, said, "Please provide us with a new wind." So I'll try to be as fresh as possible.

But, then, I have already attended several official meetings of the Keidanren board members. And interestingly enough, the fresh wind was enjoyed by me. It's just amazing spending time with those Japanese CEOs in a room, hearing what they think, how they are

“ALL I NEED TO
DO IS **MAKE SURE**
I AM MYSELF”

operating their companies, how they are concerned about Japan's future. Those moments are amazing.

Do you consider yourself a role model for other Japanese women?

Probably, I would bet that most women hate to hear the words “role model”. I would rather say “example”. I just want to provide one unique example to fellow females coming after me, because my era didn't have any. When I was in the [United] States as a single mother, I wanted to ask someone, anyone, “How am I supposed to go through this.” If someone had come up to me and said, “Oh no, Haruno, just five more years and the kid will be fine.” But we didn't have that at that time — especially Japanese females. So I have decided to provide my experience as an example so that they can refer to it ... it's a most important thing, I think.

You have been quoted as saying that, “You've got to play the game in order to be able to change it”. What did you mean?

I think what I wanted to say was, let's enjoy the game. This is not life and death. You know, business is all about a fun game. You have to have that mentality. And once females are put in [important] positions, we have to play a fair game. Don't take advantage of being female or anything. This is a fair field. Let's compete with the numbers you create. I mean, this is all about numbers. We're not talking about art or culture. So, in that sense, business is a fun, fair playing game. That's why I like it here.


What other advice would you give to other female executives in Japan?

Resiliency. It's not only a female or male thing, either. What makes you

resilient is that you shouldn't forget to be yourself. Sometimes you can listen to others' opinions, but you should live your life; that makes you most resilient. So, looking back on my life, compared with a typical Japanese, I was off-road. But I decided that, regardless of people's expectations, advice or whatever, I would listen to my own voice and make my decisions. Now, looking back, because of this resiliency, I could come this far. And, finally, the world started to be attracted to my unique strengths. So don't concern yourself with [the bad things] you are going through, because it's all there to give you resiliency.

When you were a university student in your early twenties, did you ever

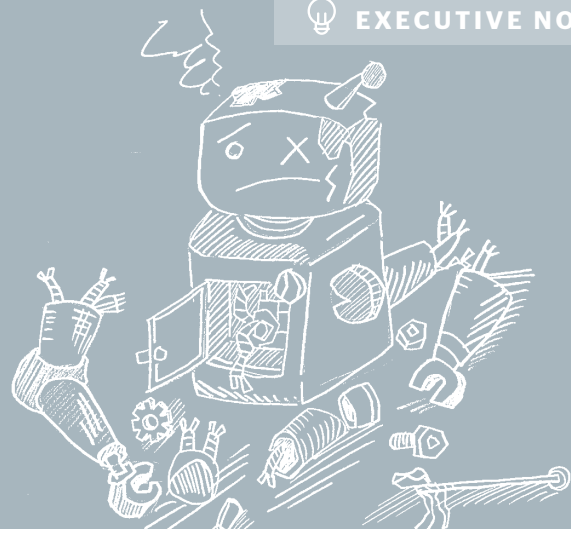
imagine yourself becoming such a trailblazer for women in Japan?

No, no. I was different and I knew it. But that was bad, I thought. Because people, even my parents thought, “It's not good. Fix yourself, somehow.” And I tried to figure out how to fix myself. That was my struggle when I was young. I was a good person, I thought. But people couldn't accept me. And I tried to deny it myself and pretend to be someone else. But I wasn't successful. So going abroad really taught me a lot of things. People were much more free, females were expressive. I figured out there's a planet out there, not only Japan. So I have to go my own way because I'm already off the track. That discovery of myself has come since then. 



Joint ventures

What to do when a JV goes bad?



Every chief executive officer landing in Japan and put in charge of a joint venture (JV) dreads nothing more than the JV going bad. Unfortunately, the chances of things going wrong are quite high, as we have discovered recently.

There seem to be some common factors. Firstly, the new CEO might not have been included in the original negotiating team that set up the JV. This is a serious error, as the new CEO will not understand the reasons why certain clauses were put into the contract.

Starting a JV in such fashion sends the wrong message to the Japanese partner. The people in whom they invested time and energy getting to know have suddenly disappeared – either fired, or sent on another assignment. They begin to wonder about how much the Western company is committed to the JV.

There is also frequently a tussle of egos when famous companies are involved. The Japanese company might feel it is most important, at least in Japan. But the Western firm might argue that, without its trend-setting technology, the Japanese partner would have nothing to sell. (This is assuming a common structure, where the Japanese company does the sales and marketing.) In addition, the Western company may dismiss the Japanese company as pigmy because it is unknown on the world stage – a dangerous conclusion.

Another problem is finding someone on the Japanese side to identify as 100% accountable for the success of the JV. The tradition of collective responsibility – or irresponsibility – in Japan makes this unlikely. Most likely, the Western CEO will be struggling with several executives, never being quite clear who is responsible for what.

Then, there is the problem that, for the Japanese partner, the JV is a side-show; while, for the Western executive, a corporate future could be at stake. In a tussle of wills, the Japanese are likely to simply wait for the Westerners to come round to their way of thinking.

The Japanese partner might decide to make a show of strength during the dispute – for example, by instructing staff to slow down efforts to move the Western firm's products. This will infuriate the Western team, which may be tempted to retaliate. Everything is set for a serious escalation.


“HAVING A JV CAN BE TOUGH, BUT THE **PAYBACK**, IF IT WORKS OUT, IS HUGE”

More prosaically, the JV could be confronted by a rapid change in the market. The assumption on which the JV was built might prove to be out of date. Has enough good will and confidence been built up to ride out this new environment? Probably not, if the company has been run along purely business lines. Goodwill and confidence are human, personal characteristics. Did the top executives on both sides simply view the JV as a money-spinner, or did they make serious efforts to like and trust each other?

And what about the profit distribution? If the Japanese partner wants a

simple investment with a transparent dividend return, all well and good. But sometimes the Japanese partner is bundling the Western offering into a package. They might even want the Western offering to be a loss-leader – which is terrible news for the profitability on the Western side. Negotiations will be difficult, as the Western CEO will need to understand the Japanese team's bundled pricing strategy, which is often highly confidential.

In the end, the Western company may conclude that it is better to dissolve the JV and go it alone. But even this can be a serious error. Japan is run by fear of ostracism. For example, the reason some Japanese females don't complain when they are fired for requesting maternity leave is because they are terrified they will be blacklisted, and never hired by anyone again. At the company level, there is more protection. But throwing off your Japanese partner – however rational in Western eyes – could lead to a similar ostracism if the breakup is done in an insulting manner. If the Japanese player is sufficiently influential and angry, they will have no qualms about letting everyone know what an unreliable, fly-by-night, dishonest business partner the Western company was (even if nothing wrong had been done).

Having a JV can be tough, but the payback, if it works out, is huge. The Western CEO will generate friendships and goodwill that can be leveraged for decades to come. 



DAN SLATER
is director of the
Delphi Network

Death and taxes

New inheritance rules on foreign assets

Text **GAVIN BLAIR**

At the nexus of life's two certainties lies the somewhat less-than-joyous topic of inheritance tax. Recent reforms to Japan's inheritance tax laws have significant implications for foreign residents, even those assigned to the country for relatively short stretches of time. The rules mean that someone passing away while residing in Japan could leave behind a large inheritance tax liability, even if the recipient and the assets are located overseas. Similarly, receiving an inheritance while assigned to the country can result in tax liability, regardless of the location of the decedent or assets.

The fact that the new Japanese inheritance tax rates scale as high as 55% has set off alarm bells among many foreign residents, though there are significant deductions and exemptions applicable. However, the levels of some exemptions have been cut severely. With liability beginning in many cases as soon as people step off the plane, understanding the rules is vital.

"One of the myths among foreigners in Japan is that inheritance tax only becomes an issue after you've been here five years; that's unfortunately not true," explains Hans-Peter Musahl, chairman of the EBC Tax Committee. "It's imposed from the very first day a foreigner enters Japan with the intention to stay here for at least one year, and is thus considered to have a residence, or *jusho*."

A *jusho* is defined as a person's principle place of residence, based on employment, location of immediate family, duration of stay, location of assets and other factors.

"The Japanese inheritance tax [*sozoku ze*] is applied to the recipient, or heir, not the estate of the decedent, as is the case in some countries," notes Musahl, who is also partner at the Tokyo offices of Ernst & Young Shinnihon Tax (E&Y).

The tax can still be payable by people who have never set foot in Japan, points out Marcus Wong, partner at PwC in Tokyo.

"Until April 2013, the law only looked at where the recipient's *jusho* was. If

you had a situation where a foreigner [in Japan] passed away and had adult children in the UK, and passed on UK assets, the recipient wouldn't have been liable for Japanese inheritance tax," says Wong. "The April 2013 law changed all that, so that they look at the *jusho* of the recipient and the decedent. That caused a lot of concern, especially among senior executives here, many of whom have adult children in the home country; that was kind of a game changer."

Japanese inheritance tax rates begin at 10% for amounts up to ¥10 million, ending up at the top rate of 55% for those fortunate enough to be heir to a fortune of more than ¥600 million. It is worth noting that for foreign assets, the weaker yen means that currently those thresholds are reached by smaller amounts of dollars, pounds or euros.

"Fifty-five percent is the top rate and that does get the most attention, but depending on your circumstances, that is not always applicable. If it is passed to your spouse, it could be not taxable at all, or there's a 50% spousal credit," says Wong, who notes that liabilities

“THAT WAS KIND OF A GAME CHANGER”

Marcus Wong

such as mortgages are also deducted.

On the other hand, the exemptions on inheritance tax were cut significantly from January this year, points out Musahl.

“Families who inherited up to ¥100 million, maybe including a modest house outside the central Tokyo area, greatly benefited from the basic exemptions of ¥50 million, plus ¥10 million for each heir. For a wife and two children, that had added up to ¥80 million, which really helped many families, as it excluded, or significantly lowered, the tax exposure of most people,” says Musahl. “But the basic exemption has been reduced to the first ¥30 million, plus ¥6 million for each heir. So now it’s only ¥48 million for a surviving family of a spouse and two children.”

One tax planning measure available in some countries is giving money or assets to children over an extended period to avoid saddling them with a large inheritance tax bill on the death of their parents. Japan has plugged that loophole with its gift tax, which has an annual exemption of only ¥1.1 million.

“The top tax rate is also 55%, but you hit that at ¥30 million, whereas you don’t hit that until ¥600 million for inheritance tax,” says PwC’s Wong, who notes that, like the inheritance tax, the recipient is liable.

Investing in Japanese property is one way to reduce inheritance tax liability, with land values usually assessed conservatively enough to deliver a 20% to 30% benefit. In addition, inheritance tax exemptions of 80% on land of up to 200m² with a primary home on it, and 50% for rental properties, are available. If a large amount of money is available to be put into such an arrangement, it can be further leveraged with a mortgage-secured bank loan that will allow for purchase of a more expensive property, delivering bigger exemptions.


“This is one of the reasons so many people invested in debt-financed properties during the bubble economy [late 1980s],” says Musahl.

A simpler and lower-risk measure that is being employed by expatriates is taking out life insurance, therefore, “hedging their family against the risk of

being liable for Japanese inheritance tax during the time they are posted to Japan,” according to Musahl.

The assumption of some foreign residents has been that assets held overseas would be largely below the radar of Japanese tax authorities. While that may have been a somewhat risky strategy in the past, it looks set to become downright foolhardy with the automatic sharing of financial information between countries that is being phased in over the next few years. From this year’s tax returns in March, it also became an offence for Japanese nationals and foreigners who have lived here for five of the last 10 years not to declare overseas assets exceeding ¥50 million.

One bright note in this sea of gloom is that, although Japan doesn’t have many international estate tax treaties, assets are not subject to double taxation because Japan gives credit for tax paid in a foreign country.

“However, if the rate is higher in Japan, the difference will become due here,” adds Musahl. 



Chequing out

Why leading banks are saying sayonara to Japan

Text **DAVID MCNEILL**

The Marunouchi office of the Royal Bank of Scotland (RBS) is a far more modest operation than it was this time last year. The Edinburgh-based bank is the latest foreign financial institution to downsize in Tokyo, shuttering its trading business in Japanese government bonds and trimming its payroll.

The move follows a similar decision by the Bank of America Merrill Lynch, which announced the end of its private banking venture with the Mitsubishi UFJ Financial Group in 2012. Europe's biggest bank, HSBC, also waved the white flag in the Japanese private banking market in the same year.

Citibank, which has been in Japan since 1902, is currently trying to sell off its credit card business after having disposed of its retail-banking arm at the end of last year, according to a spokeswoman for the company. And the list goes on: In 2013, Société Générale sold its private banking business to Sumitomo Mitsui Banking Corporation.

Standard Chartered has closed its wealth-management business in Japan. The Tokyo arm of the venerable British bank now employs just 170 people out of a global workforce of 86,000, according to Bloomberg. Lloyds TSB, the Bank of Nova Scotia, UBS Securities and others have also pared back local operations since 2012.

Why does one of the world's richest financial markets seem to scare off its

biggest banks? Japan has the largest pool of personal financial assets in Asia, projected to reach nearly \$19 trillion in 2017. That's a lot of potential business. But getting a slice is far from easy, says John McCormick, former chairman and CEO of RBS Group, Asia Pacific.

Japanese retail banks have the market here covered in great detail, he points out. In commercial or wholesale banking, they have given decades-long service to small and medium-sized businesses. "It's incredibly difficult to compete with this, even if foreign banks can cut their costs to make them competitive," he says.

Whatever the market, global banks have been squeezed by tighter rules on capital adequacy and market risk. The Basel III Accord, a voluntary agreement introduced after 2008/9 to reduce the risks of another financial crash, forced banks to increase their deposit bases from 2% to 7%. This has sent many scaling back sprawling empires to core markets.

That means return on capital has never been so important, concludes

Niall Morrissey, managing director of Standard Chartered's Structured Trade Finance, Asia, in Hong Kong. "Any bank looking to trim its operations in markets with low returns and margins will be looking at Japan. It's a double problem here – high costs and low margins."

Despite the weaker yen, the prices of labour and office space in Tokyo are among the highest in the world. Combine that with the market domination by Japanese mega banks with deeper roots, higher capital bases and shareholdings in many of the companies they service, and you have an uphill slog.

Japan's banks operate on wafer-thin margins, and they can undercut pricing, says Nicholas Benes, head of the Board Director Training Institute of Japan. "There never were normal credit spreads here," he says. To these long-term disadvantages for foreign competitors, add Japan's shrinking demographic – a falling population means less need for financial products.

Weak market activity has compounded the difficulties – many banks are not earning enough to justify the expense of operating here. Rock-bottom interest rates have shaved margins. And the corporate bond market offers notoriously anaemic yields, leaving investors with a choice between zero-interest bank deposits and high-risk equities.

Still, there remain over 50 foreign banks operating in Japan, according to KPMG, a company that provides tax, audit and financial services to a list of global clients. (The top-ranked in terms of assets is the Paris-based Crédit Agricole Corporate & Investment Bank.) The main reason they stay is that Japan is awash with money.

Elderly Japanese hold trillions of yen in personal savings, and account for two-fifths of the nation's personal consumption, says the Boston Consulting Group. And they're becoming more adventurous investors: When they want to research or buy foreign assets such as German-, UK- or US-government bonds, foreign banks may have an edge.

Wealthy Japanese looking to limit their exposure to the Japanese market and buy, say, property in Europe might also turn to a European bank for advice and services – or not, says McCormick. “If I’m Japanese, do I want to deal with someone I don’t know, in a language I don’t understand, in a market where I could get screwed?” he asks. “It’s very challenging.”


Foreign banks are better placed to help large corporate clients in Japan looking offshore to foreign markets, says McCormick. “If they are distributing products in the UK, they’ll want a UK

bank.” Local banks are needed to provide short-term financing, gather cash and get it back home in good order. One reason Standard Chartered stays in Japan is because it has a large number of Japanese global corporate clients eyeing Africa, the Middle East and the rest of Asia.

Japanese companies will also continue to need foreign banks to raise money abroad, or issue equity in foreign markets. And they’ll always have niche services – one of Citibank’s main selling points was local currency withdrawals from foreign ATMs, according to Reuters.

Has Abenomics changed the game? Under pressure from the central government, lending is picking up and Japan’s corporations, which sit on ¥229 trillion worth of cash and deposits, have begun to deploy these vast reserves to invest, hike wages and re-inflate the economy. Household spending is slowly inching up.

That could increase the size of the local pie for foreign banks. But the barriers to new entry are considerable: capital requirements and local competition are more challenging than ever. And the Bank of Japan is removing another incentive by effectively nationalising the government bond market – its portfolio hit a staggering ¥10 trillion (\$82.7 billion) in March.

The demise of what Benes calls the global bank strategy has coincided with advances in technology that mean, in any case, less emphasis on bricks-and-mortar operations in Tokyo’s Marunouchi financial district and more on desktop PCs. Investors can buy or sell fund management products online from London, Frankfurt or Paris. Says McCormick: “The nature of global banking is changing.” 

“THE NATURE OF
GLOBAL BANKING IS
CHANGING”

John McCormick

Northern lights

*REC Solar and Elkem Japan's
sunny alliance*

Text **BRUCE DAVIDSON**
Photo **GENEVIEVE SAWTELLE**

If there ever was an industry positioned to shine brightly in Japan, it is solar energy. With the country looking for alternative energy options and moving away from nuclear energy, renewables fit the bill. But, as the cleanest and perhaps easiest of the renewables to construct, solar energy might be the right mix for energy-strapped Japan.



“THIS IS **VERY**
GOOD TIMING”

Tadao Kasahara

“BY COMBINING
THESE TWO
COMPANIES, WE
CAN BE VERY, VERY
COMPETITIVE”

Hiroyuki Date





REC Solar Japan, the country's latest entry in the industry, is one firm looking to take advantage of the potential windfall.

"This is very good timing," says Tadao Kasahara, REC Solar Japan's chairman and representative director.

After virtually ignoring renewable energy in the past, the Japanese government now considers solar, wind and geothermal energy as keys to its power production future. A recent policy report aims to see 24% of electricity coming from renewables by 2030 (compared with just 1.6% in 2012), with solar accounting for 7%. Kasahara calls that a great long-term opportunity.

"In my personal opinion, PV [photovoltaics] should have a high presence, because even with 24% coming from renewable energy – including wind, geothermal, some sea waves or small hydro – all of these renewable solutions are not easy in Japan. PV is the most foreseeable solution."

REC Solar Japan is a subsidiary of REC, the largest European supplier of solar panels worldwide. Recently, in order to maximise potential and boost competitiveness, REC joined forces with world-leading silicon producer Elkem – another Norwegian-headquartered firm – to become a completely integrated solar production supplier.

"To disseminate the solar energy, we need to be very competitive," says Elkem's Japan president Hiroyuki Date. "First, [you need] an environmentally friendly system. And also one that is cost-efficient. So by combining these two companies, we can be very, very competitive."

Kasahara says the new alliance is a strong selling point, as the combined firms provide the entire supply chain, from materials to manufacturing and production.

Kasahara also says the high quality and durability of the firm's solar panels are another selling point.

"Solar modules look the same," adds Kasahara. "But our company is very technology-oriented. Our solar cells and modules are very durable. For example, you have International Electrotechnical Commission [IEC] standards for the PV industry. Our modules are twice the IEC standards, which assures high quality."


Date adds, "We are working together based on the silicon feedstock, which has already proved to be at least a comparable, or better, performer; and also by combining with its technology, we'll be able to develop the module multi-crystal line which is comparable to a single crystal line. That will be a big benefit to the market because the single crystal line is usually very costly."

Last year, REC produced more than 15 million panels worldwide. The firm concentrates on three segments of the PV market: large, mega projects; commercial and industrial buildings such as hospitals and factories; and residential homes. Date believes the third sector is about to take off.

"In Japan, because of the population, there are many roofs," he says. "So this will be an important area. And one of the top housing makers says 80% of their new builds will include solar systems, as a standard."

Date also believes that future development of rechargeable batteries to store solar power will give the industry a further boost.

"The only disadvantage of solar energy is that there are not enough good systems to store the energy," he says. "But technological advancement is getting speedier; and, maybe before long, we will be able to have an energy storage system."

"If we have a good storage system, and one more useful system that uses sustainable energy such as local hydrogen generation, then PV will be [even] more advantageous," he concludes. 



Still bullish

Prime Minister Shinzo Abe addresses *The Economist's* Japan Summit 2015

Text and photo **ALLISON BETTIN**

No news is good news," said Prime Minister Shinzo Abe in his keynote address at *The Economist's* Japan Summit 2015. Hosted at the Hotel Okura Tokyo on 9 July, the event brought together numerous high-level officials for debate and discussion on the Japanese economy. The prime minister's speech kicked off the day on a positive note, as he highlighted his continued optimism for Abenomics.

In his speech, Abe addressed the dip in Japan's economy last year, citing specifically the consumption tax rate hike, from 5 to 8%, in April 2014. He argued, however, that with tax revenue hitting a 21-year high, the government aims to halve its deficit in 2015. "Last month, we also compiled a concrete plan in order for us to achieve fiscal consolidation over the next five years," the prime minister said.

Abe further cited corporate growth as evidence of Japan's economic recovery. Due to rising profits and a recent 2% wage rise in spring 2015, corporate Japan is regaining strength and the economy is growing at an annualised rate of 9%, he pointed out. "Our economic policies have stopped providing a point of contention. Little wonder the opposition [political parties in parliament] stopped debating Abenomics. The more they discuss it, the greater value they will have to

admit in the improved numbers and figures ... Abenomics is, in fact, picking up acceleration," he added.

With eyes set on further growth, Abe again stressed the need to promote women in the workforce; indeed, over the past two-and-a-half years, over 900,000 women have found jobs. But Abe singled out Japan's IT and R&D



sectors, citing inspiration from a recent trip to Silicon Valley. "Springing out, I should say at a breath-taking pace, was a whole variety of hugely imaginative ideas that were almost jaw-dropping, and convinced me that Japan should also run fast and catch up to their pace in order to continue growing in a sustainable way," Abe observed.

The prime minister also insisted that, with a boost in the R&D sector, international corporations would inevitably choose Japan as an overseas destination for investment, instead of other Asian nations such as China. Indeed, in spring 2016, Apple will be opening an R&D centre in Yokohama – its first in Asia. Abe said that Japan is committed to bettering ties with the international business community. "Should there be any institutional barriers, we will remove any and all of them," he maintained.


Following his speech, Abe took questions from moderator Dominic Ziegler, Asia editor for *The Economist*. Ziegler's questions hit a variety of topics, but focused mostly on Japan's foreign policy, addressing concerns about Japan's push for increased military sovereignty.

Abe reassured the audience that Japan is a "peace-loving nation" dedicated to global stability, but also noted how nations like North Korea and China are changing the situation in the Asian region. With the recent, and controversial, reinterpretation of the constitution, Japan is now permitted to defend regional allies that come under attack.

"In a limited sense," Abe said, "we can exercise security."

As to Japan's icy relationship with China, the prime minister mused that the frost is starting to melt, although, he added, "what China is doing in the South China Sea is of concern to us."

“SHOULD THERE BE ANY **INSTITUTIONAL BARRIERS**, WE WILL REMOVE ANY AND ALL OF THEM”



HIGH-END TECH

*Quality still a priority
for Japanese consumers*

Text **DAVID UMEDA**

Last year's rise in the consumption tax rate took a large bite out of household spending for many Japanese. Yet recent trends – and the continued development of high-tech products – show that the Japanese are still willing to pay more for quality. Below we examine some of the latest offerings available for Japanese consumers.

Softbank's GungHo Online Entertainment announced on 12 June its intention to build on its mega-hit mobile game, Puzzle & Dragons (2012), by entering the publishing business. The firm feels that Japanese consumers are willing to pay more for high-end technology.

"The Japanese communications environment is very good, so commuters can use their mobile phones even on the subway without any problem," says Kazumitsu Umeta, of the company's

business planning office. "So they are enjoying mobile games and other digital content while they are commuting. As a result, Japanese consumers tend to spend more money on mobile games and other digital content than consumers in other countries."

GungHo has also found a formula to satisfy the Japanese consumer in regards to both aesthetics and functionality.

"There were few games utilising the smartphone user interface back in 2012.

We launched [our] innovative smartphone game ... utilising the smartphone UI at that time, so our game could gain popularity among smartphone users," explains Umeta. "We [have been] managing to delight users over a long period of time, offering new events in the game and updating [it] frequently."

On 17 April, the UK's Dyson set up its first, and only, directly run store in the world – in Tokyo's Omotesando district. The company sees it as an opportunity to allow Japanese consumers

“WE [HAVE BEEN] MANAGING TO DELIGHT USERS OVER A LONG PERIOD OF TIME”

Kazumitsu Umeta

to experience product performance directly, justifying higher price tags. The 100- square-metre showroom showcases 20 products, including Dyson's cyclone vacuum cleaners, on four different flooring samples, including tatami mats.

In the lighting industry, Philips has been targeting the high-end market with more value-added LED products. It's part of a process to see new applications being incorporated into architectural and city designs. Commercialisation of organic light-emitting diode lighting also is continuing at a brisk pace.

In Nagasaki later this month, the popular Dutch theme park Huis Ten Bosch will be adding a high-tech wrinkle to its new upscale 72-room hotel: robots. Robot staff will work behind the reception desk, as porters, and do cleaning chores — complete with conversation capabilities.

Kotaro Takada of the company's corporate planning department says guests will “feel the entertainment properties in the service by a robot.” And the face-authentication of a keyless system, he believes, is where “you can feel there is no equal in convenience.”

He says, “The hotel will pursue world-class productivity. You cannot see anywhere else in the world a hotel system like this.”

The Kyoto Aquarium, built by Orix, is a high-tech facility just west of Kyoto Station. The aquarium has a number of eco-friendly features such as rain recycling for toilets and power-generation panels integrated into the Dolphin Lagoon's large roof. Mist ejected from nozzles absorbs vaporisation heat from the air, reducing the outdoor air temperature by 2-3° C, and a high-efficiency filtration system supplies about 1% of the artificial seawater used daily for pools. Kyoto-grown timber in the ceiling of the Dolphin Lagoon absorbs sound, and suppresses echoes of music and voices during performances.

“We designed the displays so that visitors can see the various sea life up close. Also, we always try to communicate with our visitors by answering their questions,” a spokesperson at Orix explains. “There is a lot of space where visitors can rest and relax as well, which makes them want to come back.”

Regarding ORBI Yokohama, a large event space in the city, “Japan was a natural launch market for ORBI; it is SEGA's home market and Japanese audiences have always shown a great love for BBC natural history. We knew there was appetite here for more immersive natural history experiences,” said Mat Way, commercial director of Live Events at BBC Worldwide.

“When we opened our first installation in Yokohama, we set out to create a unique attraction that would deliver high value and a new way to experience our world-class BBC Earth content.”

According to Way, “Orbi fuses SEGA's cutting-edge entertainment technology

with BBC Earth's nature expertise to take visitors on a journey to see and experience some of nature's greatest events and landscapes — coming face to face with the extraordinary animal characters that we share our planet with.

“It is fully interactive starting with a series of experiential zones that visitors can explore at their leisure,” continues Way, “and culminating in the main theatre experience featuring a vast wrap-around screen where our bespoke BBC Earth films play out; and we use sophisticated scent-technology, water sprays, vibration and sound to fully immerse people in the world of the film. There's nothing else quite like it.”

Even with higher consumption tax rates, the brand prestige of luxury vehicles continues to resonate with many Japanese. And many automotive features connected to advanced technology will often appear in luxury cars before other vehicles on the mass market.

At the beginning of the year, CNET highlighted the Best Luxury Tech Cars of 2015. Several European vehicles made the list, including the Volvo S60 T6 Drive E, which includes loads of safety features. The Bentley Continental GT V8 S Convertible was defined as the muscle car for the wealthy, while the BMW 535d was lauded for its online cabin technology.

And finally, even taxi firms are going high-tech. Since spring last year, Kokusai Motorcars has been offering a technical solution for passengers who forget items in their cabs. All 3,100 taxis are now equipped with small cameras designed to sound an alarm once an item, not captured before a passenger got in, is spotted. Left-behind items can be easily returned. [e](#)



Henn na Hotel's robot staff at Huis Ten Bosch theme park, and showtime at Kyoto Aquarium





😊😊 **Do you like natto?**

Time spent working in Japan:

Majority of my career.

Career regret (if any): Late realisation that one can achieve bigger results by focusing on a few things.

Favourite saying: "There's no greater thing you can do with your life and your work than follow your passions – in a way that serves the world and you." Sir Richard Branson

Favourite book: *Lean In* by Sheryl Sandberg.

Cannot live without: My family.

Lesson learned in Japan: Never accept "No" as an answer.

Secret of success in business:

The greatest responsibility of a leader is to believe in, grow and develop people to become more than they dreamed was possible.

Favourite place to dine out:

Teppanyaki Kurosawa (Tsukiji).

Do you like natto? Yes definitely!

Christine Edman

Strong on work-life balance

Text **MIKE DE JONG** Photo **GENEVIEVE SAWTELLE**

“RAISING CHILDREN ONLY TAKES UP PART OF A LONG CAREER. **IT GETS EASIER.** YOU’LL GET THROUGH IT AND STILL BE ABLE TO WORK.”

In a country where so few women hold executive roles, Christine Edman stands out. Not only does she run one of the fastest-growing subsidiaries of H&M, the world’s second-largest fashion retailer, she also finds time to raise two young sons.

“I think there are a lot of challenges as a working mother,” she admits. “For me, I’ve been able to do it because the company has believed in me, and has given me a chance and has accepted that, maybe, for a few years at a time, I might not be 100% on my game. But it accepts that 80% of your game is okay because [they’re] looking at you long term.”

Edman, H&M’s country manager and representative director in Japan, learned early on about her firm’s commitment to work-life balance. Shortly after arriving in Japan to open the first H&M’s outlet, Edman found herself pregnant with her second child. Worried that she might be penalised for requesting maternity leave, she cautiously approached the company’s chief executive to deliver the news.

“In typical Japanese fashion, I was more apologetic that I had gotten pregnant and [was concerned about] the inconvenience that I was going to cause. Maybe I would take one or two months? His reaction was, ‘Congratulations. Do you want to take six months or a year?’

“His mentality was, ‘I know that you’re going to come back and you’ll come back even stronger than before. But also, your maternity leave provides a fantastic opportunity for another person who we’re thinking might be ready for a country manager position – to be tested in your role, risk-free.’

“I had never really thought of it like that,” she adds. “I knew that the company was like that, but when I experienced it first hand, you realise that this firm is value-driven; it’s a company about personal growth. And that opportunity that the CEO gave [me], and that response that he gave, I want to give to my staff as well.”

Today, Edman openly encourages staff across the board to take maternity or paternity leave. She believes that leading by example might help change the mindset in Japan that women must quit their jobs when they get pregnant, or that they can’t be promoted after starting families.

“The biggest challenge is changing the mentality of the women that are working at H&M,” says Edman. “I understand where they’re coming from because I was the same way. But having worked at H&M in Sweden, I saw firsthand women getting promoted into managerial positions after coming back from maternity [leave]. You would never do that in Japan.”

Edman’s own cosmopolitan background might have influenced her views on work-life balance. Born to Japanese and American parents, she grew up in Japan, attending international school and university, before gaining further experience abroad. It was while finishing an MBA in Sweden that H&M came calling, after Edman had mentioned wanting to work for the retailer in a media interview.

“It was the last day of my MBA that the journalists came and asked, ‘What do you graduates want to do?’ I said I wanted to open an H&M in Japan. That became the headline that the owner of H&M read. I had been trying to

interview with many consumer-goods companies in Sweden, and it was quite difficult to get into H&M. But that was what changed my life.”


After working for the firm for two years in Sweden, Edman moved with H&M to Hong Kong and Shanghai before finally settling in Japan. Since opening its first store in Ginza in 2008, H&M Japan has taken off. It now has 50 outlets across the country.

“We are still very small in the number of stores, but we are one of the highest-selling [markets] per square metre,” says Edman. “The buying power that we have in Japan is extremely high. For H&M globally, we are one of the engines of growth in Asia.”

Describing herself as the ideal H&M target customer, Edman always believed that the trend-setting retailer would be a perfect fit for “fashion-crazy” Japan. She sees the company expanding further into shopping malls in the future.

Despite her obvious work and family commitments, Edman also serves on the EBC Retail Committee. She hopes her views on work-life balance might inspire cultural changes in other Japanese firms and, ultimately, help a country with the lowest birthrate in the developed world.

“We need to pave the way, and we need to show and create an atmosphere where we celebrate people taking paternity [leave],” she says. “[Or to] celebrate promotions after people taking maternity [leave] ... to create that atmosphere is most important.

“It’s a short period of time,” she adds. “And this is what I want to tell my staff, too. Raising children only takes up part of a long career. It gets easier. You’ll get through it and still be able to work.” 

Tradition meets Modernity

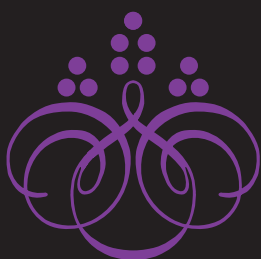


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Long overdue

Corporates raise the LGBT flag in Japan

Losing good staff can cost a company dearly. While some attrition is natural, companies increasingly realise that creating supportive work environments that acknowledge employee values and pressures is critical to retaining talent over the long term.

In just such an effort in Japan, we have seen a sudden surge in companies promoting acceptance and understanding of lesbian, gay, bisexual, and transgendered (LGBT) issues.

While much of this push is coming from multinationals seeking to locally mirror their headquarters' policies, a growing number of Japanese giants are joining the effort.

How did LGBT inclusion become part of the corporate agenda in the first place? The trend can be traced back to the experience several decades ago of global, largely non-Japanese corporations grappling with increased female participation in the workforce.

In the 1980s, multinationals began to realize they were losing considerable female talent due to unsupportive—even hostile—work environments. Perceptive companies recognized the cost of this talent drain and set out to reverse the trend by educating managers on creating more female-inclusive workplaces. It took years, but HR departments adjusted employment policies, room was made for differing priorities and lifestyles, benefits were introduced, and workforces were instructed on new behaviours and expectations.

Starting in the mid-2000s and again primarily in the west, we saw that same effort broadened to make room for LGBT employees and their families. Companies began acknowledging the existence of LGBT staff and customers, and set out to establish policies that “enlarge the tent.”

While Japan is indeed a late mover on this front, change is afoot. When

foreign organisations, largely in the financial industry, led the initial charge here on LGBT inclusion about 10 years ago, Japanese companies remained on the sidelines. Though they were already publicly supporting LGBT equality in other markets outside Japan, their initial perception was that “this doesn’t apply to us here,” when of course it actually does. Today, we are witnessing a sea change in that analysis as a few giants like Sony and Nomura take stands domestically. Other household Japanese names,

“WE JUST WANT EVERYONE TO OPERATE AT **THEIR FULLEST** IN A SUPPORTIVE ATMOSPHERE”

moreover, are telling us they are close to joining the effort as they study its results and ramifications.

What specifically are companies now doing in Japan? Most importantly, corporations are “coming out of the closet,” so to speak, by *publicly* stating their support for equality and inclusion. They are signing petitions and lobbying papers, unashamed to state their values to the community at large. Like Softbank, some are now target-marketing to LGBT segments.

Internally too the message is pushed. Educational seminars are being held for local employees, who are told that an inclusive environment is as important to the firm’s DNA as, say, teamwork or even profitability.

Boiled down managements are saying, “We really don’t care about anyone’s sexuality, nor does anyone need to come out who doesn’t want to—we


just want everyone to operate at their fullest in a supportive atmosphere.”

The effort has been infectious. Today multinationals across a myriad of industries in Japan are sponsoring internal and external LGBT events, targeting advertising campaigns toward sexual minorities, and including LGBT community organisations in their charitable giving. At the 2015 Tokyo Gay Pride Parade, corporate sponsorship of the event swelled to include food and drink, automotive, luxury goods, travel, technology, and of course financial firms.

More than 15 foreign governments also sponsored the event with tourism booths.

Interestingly, inquiries from clients and the public have also been positive. Early fears that taking a stance on a social topic may impact business—particularly in politically skittish and homogenous Japan—have proven unfounded. Internal employee support networks now include LGBT

chapters with memberships dominated not by “out” staff but rather by straight allies eager to demonstrate support.

More work remains in effecting change in Japan. The good news, however, is that corporations have kindled a discussion, and even Japan’s political parties are today looking at legal changes that could notably improve the lives of LGBT people. I for one am excited and eagerly waiting to see which Japanese companies and governmental organisations will be the next to join our efforts. 



JASON KENDY heads corporate communications for the UBS Group in Japan. He is also executive sponsor of Japan Pride, UBS’s LGBT employee network.



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Jan De Bock

Vice-president, Belgian-Luxembourg Chamber of Commerce in Japan (BLCCJ)

blccj.or.jp



Next year, Belgium celebrates the 150th anniversary of friendly relations with Japan. The year 2016 will also mark the 10th edition of the Belgian-Luxembourg Chamber of Commerce in Japan's Young Executive Stay (YES) programme, which offers young executives from Belgium and Luxembourg the chance to learn Japanese business practices. This month, BLCCJ vice-president Jan De Bock provides some background on the chamber's history and other initiatives.

Can you give us some history on the BLCCJ?

The BLCCJ was founded in 1978, so we've been in business for 37 years. I still remember vividly our 30th anniversary – and now we are already getting closer to our 40th. Taking into account the sizes of Belgium and Luxembourg, we are obviously a “smaller” chamber of commerce. Nevertheless, today we count about 120 members, and are very pleased to see our membership growing.

What were some of the recent chamber initiatives?

As a chamber of commerce, we, of course, organise a number of business events for our members, but foremost we see ourselves as a networking organisation. As a matter of fact, over the years, we have increased our events considerably, ranging from the traditional flagship events, such as the Nippon Export Awards, the Young Executive Stay programme, the Delighting Customers in Japan business seminar and our annual gala, to a successful Belgian Beer and Food pairing event and a summer Pool & BBQ party. The BLCCJ is also part of the expanding Belgian Beer Weekend festivals, and we have increased joint events with other chambers. To be honest, we have a very busy yearly

schedule, and we work hard to provide a balanced mix of events.

How do you maintain, and even increase, your membership?

Of course, growing memberships is important, but keeping existing members on board is equally important. Events are, therefore, an important tool to stay in touch with members. In this regard, our informal monthly beer gatherings are a popular event to meet up with people interested in our chamber, and Belgium and Luxembourg [BeLux] in general. We also have very close contact with the embassies and trade offices, in order to exchange information on BeLux companies and individuals here in Japan. We definitely try to reach out to all Belgian and Luxembourg newcomers.

What do you see as the greatest opportunities and challenges for your companies in Japan?

This is a very difficult question because each company has its own opportunities and challenges. Although we have been seeing that many headquarters tend to shift focus more to China and other South-East Asian countries, we believe that the Japanese market is still very interesting. The Japanese consumer market is huge and concentrated in a number of very large cities. We believe that the 2020 Olympics in Tokyo might bring a number of opportunities. Japan will definitely continue its internationalisation, and has to bring in support and expertise from abroad.

Most people are aware of Belgian products such as diamonds, beer or chocolate. But in what other areas are your firms leaders?


Indeed, people probably know Belgium best for its beers, while others might appreciate our chocolates and

diamonds. But Belgium is also a world leader in exporting pharmaceuticals, chemicals, machinery and transport equipment. Did you know that in 2013, Belgium was the sixth-largest exporter of goods within the European Union? One of Belgium's assets is its strategic location in Europe. It is one of Europe's best logistics hubs, with Antwerp being the second-largest port in Europe.

Could you tell us about some prominent companies from Luxembourg?

The prominent Luxembourg companies in Japan are ArcelorMittal (steel and mining), Cargolux (cargo airline), Paul Wurth (technological solutions for the iron and steel industry), Rotarex (gas-control solutions), and Villeroy and Boch (tableware). The past year, we have also seen some high-level visits from Luxembourg's top officials promoting its financial and ICT services. Luxembourg is undoubtedly one of Europe's smallest nations, but has succeeded in building up a very good reputation as a stable and high-income economy, with its per capita GDP ranking among the highest in the world. “Good things come in small packages ...”

Free trade talks continue between Japan and the EU. What is your take on a Japan-EU FTA?

No doubt about it, FTAs are important. Lowering trade barriers helps industries access new markets, boosting their reach and the number of people to which they can sell their products. FTAs are also ultimately designed to benefit consumers. In theory, increased competition means more products on the shelves and lower prices. Amid the advance of economic globalisation, it is important to maintain and strengthen a free trade system, although not all sectors might benefit from easing trade barriers. 

Putting it all together

*Hospitality professionals offer
a complete package*

Text **DAVID UMEDA**



There is exceptional quality, a marvellous blend of Japanese aesthetics and modern convenience, an attention to detail, and very talented staff to ensure that your stay – whether overnight, short term, back-and-forth, or on assignment – exceeds expectations.

And for the leisure aspects to travel, Japan continues to invest in its infrastructure on the local, regional and national levels. The rich cultural heritage and UNESCO landmarks, natural settings on mountaintops and along ocean shores, health-oriented cuisine and hot springs, and cosmopolitan living are experienced first-hand, up close and personalised.

Stay as long as you like

Park Hyatt Tokyo in Shinjuku (<http://tokyo.park.hyatt.com>) occupies the top 14 floors of Shinjuku Park Tower, providing an elegant oasis of space and calm overlooking Tokyo and the Kanto Plain – all the way to Mount Fuji. The luxury rooms and suites incorporate the concept of a contemporary private residence, enhanced by sleek amenities and spectacular views of the night cityscape. Gourmet dining and entertainment options include the sophisticated New York Grill & New York Bar, Kozue Restaurant serving Japanese fare, and brasserie Girandole. For their guests' wellbeing, Club on the Park Spa delivers the ultimate in wellness and spa treatments.

Hotel Okura Tokyo (www.hotelokura.co.jp/tokyo/en/) takes pride in entertaining their international guests with traditional Japanese beauty. The tea ceremony room, Choshoan, is a crystallisation of this aspect of the Hotel Okura spirit. The room's name is derived from the pen name of Kishichiro Okura, the founder of Okura, which comes from the Zen phrase, "Listening to the pine trees in the rustling wind, sitting silently". Choshoan, on the seventh floor of the Main Building, is available only until September, when the hotel's renovation commences.

Hotel Granvia Kyoto (www.granvia-kyoto.com) is in the heart of Japan's ancient capital, home to 17 UNESCO World Heritage sites and everything that is fascinating and splendid about the country today. If you are looking for a truly authentic yet extraordinary wedding ceremony, you need look no further. The hotel is now offering an exclusive traditional Japanese wedding for couples from around the world. Gorgeous Japanese kimono wedding attire, customised floral bouquet with that special touch of Japanese elegance, and the mystique of exchanging vows at a historical Japanese temple combine to create the most memorable and romantic day of your lives together.

SAKURA HOUSE, SAKURA HOTEL & HOSTEL, and HOTEL CONTINENTAL FUCHU (www.sakura-house.com/en) offer a wide range of international-atmosphere accommodations in numerous locations around Tokyo, allowing for sightseeing leisure stays as well as professionals to be close to their study or work and meeting place. Their multi-lingual staff provide a friendly and personalised service. Furthermore, the staff are never short of a good tip or two and always ready to help guests find their way around Tokyo. These properties are not simply for daily, weekly or monthly accommodations, but also enable guests to enjoy what Tokyo has to offer during their stay.

Serviced Apartments Azabu Court (www.azabucourt.com) is an extended-stay hotel where you enjoy a comfortable living by just bringing your suitcase. The rooms are equipped with bathroom and kitchen; basic furniture


such as bed, sofa, table and cabinets; TV set; Internet access; along with refrigerator, microwave oven, cooking utensils, dishes, pots and pans. There is also a reception concierge service, linen and room cleaning services. In the exclusive neighbourhood of Minami-azabu, it's just four minutes from Hiroo Station.

Palate pleasures

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Railways//

Open season on tendering

Text **GEOFF BOTTING**

The negotiators working on an EPA/FTA between the European Union and Japan still have plenty of work ahead. But at least one of the EBC committees is already reaping a tangible benefit from the on-going free trade talks. The Railway Committee has long recommended that Japan's rail-industry projects – in particular, ones that call out to foreign vendors – should be opened to tender.

The committee is finally seeing its efforts produce results. In English-language press releases since last year, the East Japan Railway Company (JR East) has offered international tenders, inviting suppliers to participate in the bidding process. In addition, JR East and the two other JRs – West Japan Railway Company (JR West) and Central Japan Railway (JR Tokai) – along with Tokyo Metro subway lines, have launched websites disclosing their procurement activities. Rail suppliers from Europe and elsewhere outside Japan are free to sign-up and introduce themselves on the sites, with the aim of becoming listed manufacturers.

Railways Key advocacy points

- **Open integrated railway systems** – The government should promote such systems, which would give manufacturers the freedom of devising their own optimal solutions, rather than having to adhere to pre-set specifications set by rail operators.
- **Conformity assessment and mutual recognition** – The government should encourage rail operators to identify minimum common requirements.
- **Tenders** – Rail operators should follow the example of JR East and start using tendering, an approach that would lead to competition in Japan's domestic market.

"Basically, this is due to the FTA," says committee chairman Shigetoshi Kawahara.

Japanese and European officials made a deal to make this happen. Both sides are signatories to an agreement

on government procurement under the World Trade Organisation. But Japan negotiated to have the three JR companies exempted from that agreement, under a "safety clause". The Europeans saw the move as an attempt to shield Japan's rail industry from foreign competition. They dropped their objection to the delisting last summer, on the condition the JR companies become more open with their procurement.

"They promised to offer more tenders and to be more open and transparent," Kawahara explains.

The new openness is embodied in a couple of recent news releases. In one dated 28 November last year, JR East announced an international tender to supply 18 diesel cars for the Hachinohe Line. The service, which runs along the Pacific coast of the Tohoku region, was damaged in the 2011 earthquake-tsunami.

"JR East is looking forward to receiving many applications from all over the world", the release states.

The committee welcomes the new attitude. Even so, Kawahara sees it as more of a gesture than an opening of the floodgates. He points out



that the two tender offers so far have failed to provide much to vendors outside Japan.

The problem with the Hachinohe Line project is its small scale. "Eighteen diesel cars is nothing," the committee chairman says. "It's not like [a foreign vendor] would have the trains already made. They would need to check specifications, and the [track] gauge is different. Lots of modifications would be needed.

"If it were 180 cars, they might consider it."

Indeed, no foreign vendors participated in the tender.

Deadlines are another problem. The project gives interested companies three months to file their applications. A more recent tender offer, dated in May, involves 62 cars, making it more attractive in terms of scale – but gives applicants a mere two months.

"That's not very comfortable for foreign manufacturers, who have to make all the various calculations," Kawahara says. "JR East is showing openness, but it's also not being very helpful."

Still, the committee chairman sees the offers as symbolising the start of

what promises to be a growing trend towards openness.

The committee has long had a fairly busy advocacy agenda. It holds regular meetings that bring members face to face with officials from the JR companies, plus Tokyo Metro. On 31 August, members plan to board a bullet train to Mishima, Shizuoka prefecture, and meet with their Japanese industry counterparts at an office of JR Tokai.

Topping the agenda will be certification issues. Specifically, the committee members plan to renew their call for "conformity assessment". This is a process demonstrating that specified requirements relating to a product, process, system, person or body are fulfilled.

"In Japan, if you look at the electrical appliance or medical device industries, you have conformity assessment schemes in place. But not with railways," committee member Roberto Lorenzoni says.


For instance, the three JR companies maintain separate, distinct and opaque testing and product approval procedures for components. The committee has been proposing they work on ways of eventually accepting each other's

test results, so that duplicate testing is eliminated and manufacturers can easily acquire technical information.

"We want to ask them to sit together, to understand how conformity assessment can be used to their benefit, [and] to try to align their requirements," says Lorenzoni, explaining his hopes for the August meeting.

The proposal is about creating a framework of transparency for testing requirements of suppliers' products. When a JR company tests and accepts certain components from manufacturers, they would disclose, what Lorenzoni calls, "evidence" – or testing data – that would allow the other two JRs to accept the results without having to do their own testing.

The August meeting won't be the first time the committee makes this proposal. But members are hoping that their call for creating a more technically standardised domestic railway industry will eventually gain traction.

"I don't think they are going to agree immediately; it will take years," Kawahara says. "But if we don't start saying something, it's never going to happen." 

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Robert Walters Japan is a bilingual-specialist recruitment firm, celebrating its 15th anniversary this year. Established in London in 1985, Robert Walters plc has a growing international network covering 24 countries. With offices in Tokyo and Osaka, Robert Walters Japan provides permanent and contract recruitment solutions across all industry sectors, including the Energy, Financial and Professional Services, Healthcare, Industrial, Information Technology and Online, Real Estate, Retail and Consumer, and Supply Chain fields.

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Sailing into history >

Kirk Patterson's marine odyssey

Text and photos **ROD WALTERS**

“JAPAN IS A
FANTASTIC CRUISING
DESTINATION”

Dr Kirk Patterson has made sailing history. On 27 July, the former dean of Temple University Japan became the first non-Japanese to circumnavigate the country alone, by boat. The Canadian started his voyage around the archipelago in 2013, from the northern island of Hokkaido.

As he pursued the journey in his 40-foot custom cutter *Silk Purse*, Patterson considered the conundrum of why Japan never became a truly maritime nation. He plans to address this notion in a future book.

"I've had interesting conversations with sailors and fishermen, and visited many museums, archives and sites related to Japan's maritime history," he says. "My basic hypothesis [is] that Japan, despite being an island nation, is not a maritime culture. The reasons are much more complex and nuanced than I [had] thought."

After unexpected delays in having his vessel stripped and repainted on Kurashiki Island in the Inland Sea near Hiroshima, Patterson embarked on the





final leg of the journey this summer. His plan was to sail up the Pacific coast to Hakodate. Typhoons had a critical impact on the schedule, forcing him to find a safe harbour and sit tight for up to a week.

Prior to the final leg, Patterson said he was not expecting much fanfare when he completed his historic trip. "The friendly Hakodate yacht club may help me celebrate the circumnavigation," he said. "The *Asahi Shimbun* wrote about my plan two years ago, and they may do a follow-up article. In Canada, my sailing club might recognise my accomplishment when I'm back there next winter."

Along with his book and other academic work, Patterson hoped to promote Japan as a cruising destination for yachters, and he aims to document the facilities available in a separate guidebook.

"Japan is a fantastic cruising destination. I'd rank it as one of the best in the world. But it's not the typical cruising spot — boats at anchor off unspoiled white beaches, sunset parties with other yachts, off the beaten track

explorations. Except for the Ryukyu Islands [in Okinawa], Japan's coastline is heavily developed and so there's virtually no anchoring."

Patterson cites the good food available in ports, the hot springs baths, the friendly Japanese yachting community, the growing network of "sea stations" with basic facilities for yachts, and the generally honest and very high-quality boat maintenance services. A major advantage of sailing in Japanese waters is the absence of piracy, which blights many other destinations today. Patterson rates the Seto Inland Sea particularly high as a cruising destination, both for its services and scenery, as well as its relative freedom from typhoons.


But cruising in Japan is not without its challenges. "Since 1635, all ports have been closed to foreign vessels unless they're explicitly open. At that time, the only open port was Dejima in Nagasaki [on Kyushu]. That principle, which is uniquely Japanese, is still in effect today, with the Customs Office having the authority to determine what ports are open to foreign vessels."

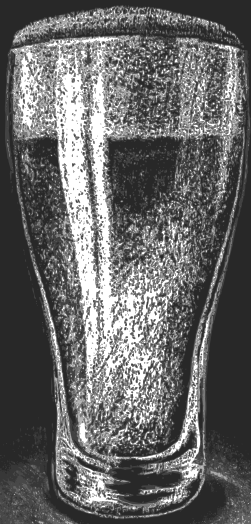
Thus, foreign yachters need to get advance permission to enter all closed ports that they might want, or need, to visit. This poses a challenge to anyone lacking advanced Japanese skills, which is exacerbated by the fact that the authorities themselves are not fully conversant with the rules.

"My suggestion is to simply give each foreign yacht an annual, renewable cruising passport that automatically gives them permission to enter closed ports," suggests Patterson.

Other challenges that foreign cruisers have to deal with include a lack of ability to get foreign propane tanks filled, use of foreign cellphones and Internet access. There is also a difficulty in rubbish disposal, since each port town has its own rules.

But, says Patterson, "Bottom line, these challenges are relatively minor compared with the many wonderful sights and experiences awaiting foreign cruisers in Japan."

Now that his journey is over, Patterson aims to make the island of Suo-Oshima in the Inland Sea his permanent berth. 



Masters of the brew

Bottoms-up satisfaction

Text **DAVID UMEDA**

In every aspect to enjoying your favourite brews in Japan, craftsmanship prevails. Whether imported or brewed locally, what's served up at pubs, restaurants and parties must cater to exacting expectations. That's why the following specialists are so inviting.

"Japan has, this year, thrown itself with gusto into the global boom in craft beers, with even larger domestic producers offering craft-like alternatives to the regular mainstream products," explains David Croll, CEO of Whisk-E Ltd. "Over the past decade or so, the traditional beer markets of Europe also have been transformed by the wave of passion, creativity and innovation."

The Meguro Tavern keeps up the fine tradition of a London pub, where customers come 'for a taste of Britain and a feel of London'. "I am the only English pub owner, with my own craft brewery in Shinagawa, producing ales in Tokyo," points out Garth Roberts, owner. "We have fantastic new British-style bitters to accompany our great British fare."

DevilCraft Inc.'s story began in 2008. "My partners, Jason Koehler and Mike Grant, and I became inspired by the many success stories of the craft beer movement in the US," recalls John Chambers, founding partner. "We set out to form our own beer company to help grow what was, at the time, a fledgling movement here."

Whisk-E's first engagement with craft beer was back in



2007 with BrewDog. "We continue to expand our portfolio to include leading craft brewers from several European countries," points out Croll. "In March 2014 in Roppongi, we opened Asia's first BrewDog beer bar, where our range of European craft beers are on tap and in the bottle."

At DevilCraft, they eventually decided on a 'brewpub' concept. "Handcrafted beers, including some of our own, would be paired with equally satisfying food in a casual and fun restaurant setting," says Chambers. "It was an almost

immediate hit. And, by the time you read this, we should have our brewing license and finally be adding our own beers to the mix."

A critical point of sale between brewery and consumer, of course, is how the popular brews are dispensed at the pub. The East Asiatic Company (Japan) Ltd. offers dispensing solutions for beer and


beverage, and is the market leader in its field, representing top-of-the-line manufacturers for a full range of dispensing equipment.

"EAC (Japan) is part of a Danish group of companies forming a strong international network, yet we take pride in our solid local presence here in Japan, where we have been incorporated since 1947," says William Boesen, president.

EAC (Japan) is a supplier to all top five breweries in Japan.

"We provide tailor-made product developments that go a long way in helping our clients maintain high quality, serving fresh and unique taste experiences to their valued consumers," adds Boesen.

When all is said and done, there is another key aspect driving the success of craftsmanship brews in Tokyo.

"At The Meguro Tavern, there are plenty of reasons to keep coming back," says Roberts, "including Wednesday Steak Night, Weekday Happy Hour, Live Music Nights and our Tavern Feasts." 



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Fields of gold

A trio of premier white wine regions



White wine has, in recent years, been overlooked in favour of her sexier, red sister, with global consumption growing at about 3%, compared to red's 10%. It is understandable — who can blame any of us for craving a voluptuous Cabernet? But for those who stop to appreciate the purity of a really

good white, another world of exotic fruit, sweet flowers, honey, nuts and spices is unearthed. There's no better time to revel in the beauty of the great white than in the last rays of summer, and few better to drink than those from these premium regions.

Alsace, France

Situated on the German border, Alsace is all about cultural clashes. Unlike most French regions, Alsace specialises almost exclusively in white wines (over 90% are white). In contrast to their German counterparts, whites here are mostly dry with good alcohol content. They boast bold aromas and rich bodies, due largely to the region's terrain. The Vosges mountains act as a rain shadow to the high-altitude vineyards that bask in warm sunshine. The result is ripe fruit with impeccable concentration.

Alsace has seven noble grape varieties, the most important being Riesling, Gewürztraminer and Pinot Gris. Jancis Robinson, arguably the world's most famous master of wine, is a champion of the underappreciated Riesling grape, which she says is "great not just because it ... is so exceptionally good at expressing *terroir*, but also because it makes white wines that are so good at ageing." The lesser-known Gewürztraminer, however, is not to be missed.

Sonoma County, California, USA

Sonoma county refers to such premium California regions as Sonoma valley, the Russian River and Alexander valleys. Stretching from the Pacific to


the mountains of eastern California, the regions are varied, but have one important commonality: sweeping maritime breezes that help cool the vines. This is crucial for producing high-quality whites, which need cooler temperatures for the fruit to retain its acidity and purity.

In California, Chardonnay is king and Sonoma county its loyal follower. The world's most beloved white grape comes into its own in places such as the Russian River valley, where morning fog rises to cool the grapes. It's misleading to say that there is one particular style of Chardonnay that best represents Sonoma; at the end of the day, there are over 400 wineries in the region. But most would say that California winemakers like to age their Chardonnays in oak, adding a savoury component of smoke, toast and spice. Don't let this scare you off. The good producers delicately balance Chardonnay's natural fruitiness with a hint of oak to bring the wine to life.

Rías Baixas, Spain

A recent *Forbes* article describes Rías Baixas, a designated wine region on Spain's north-eastern coast, as a "zero kilometre" wine region. It refers to the Rías Baixas's resolute sense of locality, and its ability to retain its native

winemakers. Indeed, within a few square kilometres, señoras harvest the local seafood while winemakers craft the next vintage, and chefs serve them together in the neighbourhood cantina.

At the heart of the Rías Baixas wine culture is Albariño, a grape that is native to the region. Albariño, commonly paired with lighter Spanish tapas and seafood, has received global recognition as a fine white-grape varietal in recent years, and rightfully so. According to *Wines from Spain*, the grape "has been compared to Riesling for its minerality and bracing acidity; to Viognier, because of its fleshiness and peach/apricot character; and to Pinot Gris for its floral bouquet". Needless to say, it's worth a try. 

Presented by



Every month, **ALLISON BETTIN** takes *EURObiZ Japan* readers on a trip through the world of wine.



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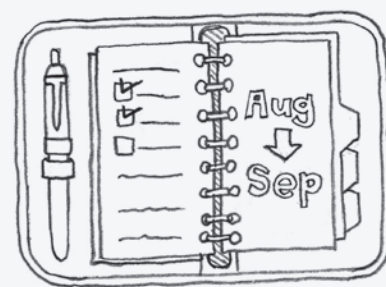
Yuriko Akiyama

Representative Director
& President of
USM Modular Furniture

reads

eURObiZ JAPAN

Upcoming events



► **Belgian-Luxembourg Chamber of Commerce in Japan**

www.blccj.or.jp

Belgian shop at Belgian Beer Weekend Tokyo

19-23, September, Saturday-Wednesday, 11:00-22:00

Venue: Roppongi Hills Arena, Roppongi

Fee: Pay for what you buy

Contact: info@blccj.or.jp

► **British Chamber of Commerce in Japan**

www.bccjapan.com

Luncheon

15 September, Tuesday, 12:00-14:00

Speaker: Robert Walters, founder and CEO, Robert Walters plc

Venue: Grand Hyatt Tokyo, 2F, Residence Basil Room

Fee: ¥5,600 (members), ¥7,600 (non-members)

Contact: info@bccjapan.com

► **Finnish Chamber of Commerce in Japan**

www.fcc.or.jp

FCCJ Yakatabune Event

Finnair AY4159-Honka HJ4169 Code-Share Cruise

27 August, Thursday, 18:30-21:00

Venue: Funayado Miuraya, Asakusabashi or Bakurocho stations

Fee: ¥10,000 (members), ¥12,000 (non-members)

Contact: fccj@gol.com

FCCJ Luncheon Meeting

15 September, Tuesday, 12:00-14:00

Speaker: Hiroshi Kishino, president, Amer Sports Japan

Venue: Grand Hyatt Tokyo, 2F, Drawing Room

Fee: ¥6,000 (members), ¥8,000 (non-members)

Contact: fccj@gol.com

► **French Chamber of Commerce and Industry in Japan**

www.ccifj.or.jp

Networking party

4 September, Friday, from 18:30

Venue: Hotel Chinzanso Tokyo, Mejiro Station

Fee: ¥7,000 (members and non-members)

Contact: n.yoshida@ccifj.or.jp

► **Ireland Japan Chamber of Commerce**

www.ijcc.jp

IJCC Joint Networking Event with the BCCJ

10 September, Thursday, from 19:00

Venue: Irish Ambassador's residence

Fee: ¥5,500 (members), ¥8,000 (non-members)

Contact: secretariat@ijcc.jp

IJCC 3rd Thursday Networking Event

17 September & 15 October, from 19:00

Venue: to be confirmed

Fee: Free (members and non-members)

Contact: secretariat@ijcc.jp

Ireland Japan Golf Challenge: "Ambassador's Cup 2015"

31 October, Saturday, 08:30-17:00

Venue: Haruna no Mori Country Club

Fee: ¥19,000 (members), ¥21,000 (non-members)*

Contact: secretariat@ijcc.jp

*Fee includes green and participation fees, lunch, golf cart and party

► **Multi-chamber event**

EBC/ACCJ Event

Needle Stick Prevention Day – Global Efforts in Healthcare Worker & Patient Safety

27 August, Thursday, 12:00-14:00

(in Japanese, no interpretation available)

Venue: Tokyo American Club, B2 Manhattan Room

Contact: ebc.mec@philips.com

AUGUST

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Compiled by **DAVID UMEDA**

Maki Sugamata

Children's House Montessori School

An advocate of Montessori principles and values, Maki Sugamata, a Montessori-qualified teacher with over 15 years experience teaching children from birth to age 6, opened a new international pre-school in Minami Aoyama. She called it Children's House.

The school is truly a "Children's House" where Montessori materials and furniture are sized for children. It was founded and run by passionate Montessori teachers who strive to create a comfortable environment for all children.


"Our mission is to offer an authentic Montessori Education, based on the principles, methods and activities of Maria Montessori," says Sugamata. 



Photo **BENJAMIN PARKS**





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