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+

**Destination Europe -**

Trending toward diversity and sophistication

**Roundtable -**

Executive search specialists

**Fresh ideas -**

How to keep the innovations flowing

**Two-way traffic -**

Railway businesses anticipate reciprocal opening

**Takeshi Fujiwara**  
Gambro

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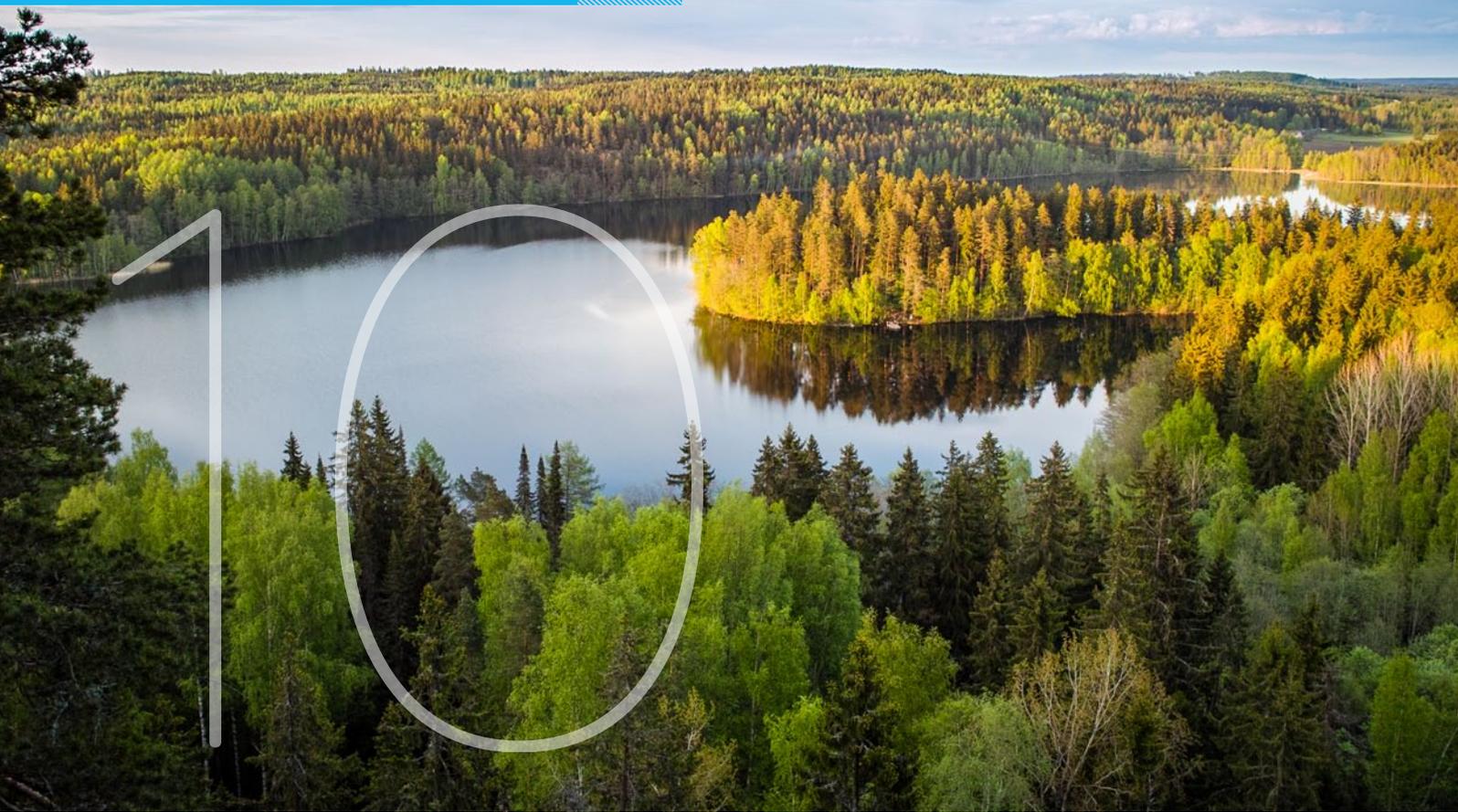
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EUROBiZ Japan welcomes story ideas from readers and proposals from writers and photographers. Letters to the editor may be edited for length and style.

## Contributors



**Geoff Botting**  
tracks the latest  
tourism trends,  
page 10

Geoff, a former newspaper and wire service reporter and copy editor, has been living in Japan for the past quarter of a century. He is now a freelance journalist and translator,

writing mainly about business, the economy and travel.

"Tourism doesn't get the coverage it deserves in the business press. After all, we're talking about the world's biggest service industry, according to many measures. Europe's tourism officials can take satisfaction in knowing that they're doing their part for their respective economies. Despite the global economic downturns of recent years, Europe remains a popular destination for tourists from Japan and elsewhere in Asia."

Alena underwent business training in Tokyo on the Executive Training Programme (ETP), then began to write about business, culture, travel and people in Japan. A researcher at heart and by profession, she enjoys on-the-ground investigation and observation. She contributes articles to magazines and websites in Japan and in Europe.

"Catalytic conversion offers a way of decreasing the mountains of rubbish on our planet while at the same time producing much needed fuel without tapping agricultural resources (typically used to produce



**Alena Eckelmann**  
examines a  
breakthrough energy  
technology,  
page 17

bio diesel and bioethanol) or diminishing non-renewable fossil resources. It could even be called into action around Fukushima. Why isn't there higher demand for it?"



**Gavin Blair** tackles  
the tough topic of  
innovation,  
page 24

Gavin has been writing about Japan for about a decade and currently contributes articles to magazines, websites

and newspapers in Asia, Europe and the United States on a wide range of topics, from business and politics to culture and entertainment.

"A diatribe on the shortcomings of financialised capitalism was not what I expected to hear from a senior executive while reporting for an article in a business magazine. But that was one of the many interesting opinions I heard while talking about innovation; perhaps appropriate enough for a story on the importance of thinking outside the box."

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# In these pages

As the summer holiday season looms, it is timely to look at the trends for Japanese heading to Europe. Geoff Botting (Destination Europe, page 10) does so with customary gusto. He finds that although it will be tougher for Japanese to journey abroad with weaker yen in their pockets, plenty of them are still in love with European destinations. Moreover, those who have visited previously are casting about for fresh locations.

One likely destination, especially for tourists who like to trek, is the Wales Coast Path. The path meanders the entire length of the Welsh coast, which in 2012 was named the best region in the world in a Lonely Planet guide. See Jennifer Zylinski-Spargo's Event Report (page 18) for more of the lowdown on Wales from Edwina Hart, the nation's Minister for Economy, Science and Transport.

Hart says Wales is innovative. She may like to read Gavin Blair's focus piece (Fresh ideas, page 24) on what corporations must do to keep up the life-giving flow of new products and services.

For a close look at one persistent innovator, turn to our "Investing in Japan" column on hemodialysis specialist Gambro (page 32).

Alena Eckelmann continues this theme of technological progress in her Green Biz story (Fuel from rubbish, page 17) about large-scale catalytic conversion of biomass into carbon-neutral fuel.

The European business community in Japan of course is packed with fertile minds. Parts of it are also characterised by plain old doggedness. In Two-way traffic (page 28) we see how the persistence of European railway-related businesses has paid off in the past and is set to do so even more in the near future.

Many true innovators are hounded by their opposites, the imitators. Geoff Botting (In Committee, page 34) talks to the head of the EBC Intellectual Property Committee about strategy to curb the avalanche of counterfeit goods purchased by Japanese, particularly online and especially from China. There are things that Japan can do, and the authorities are gradually moving forward on the issue.

In July, we find yet another astonishing character for the Culture Shock column (page 38). Marc-Antoine Astier accepts all the risk involved in taking innovation to extremes, but his talents will probably never be used in a corporate setting. 

**David C Hulme**  
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# Destination Europe

*Trending toward diversity and sophistication*

Text **GEOFF BOTTING**

**M**aria Ikeda, a magazine editor working in Tokyo, returned home from a trip to Holland and Germany early this year with many fond memories. Her eight-day vacation, which began around Christmas, included a high-speed rail journey from Amsterdam into Germany. On board, the solo traveller met a Dutch family who were enthusiastic fans of Japan's hottest novelist.

"For two hours we talked about Haruki Murakami, as well as some Japanese [film] directors," Ikeda laughs. "Although I visited only Holland and Germany, I

also met lots of people from different European countries," she says.

Ikeda, 27, was one of millions of Japanese tourists who enjoyed the sights of Europe last year. Estimates from the various European countries suggest the numbers were up considerably in 2012 from the previous year. Indeed, in terms of numbers of overnight guests and stays, nearly all countries posted positive growth for last year and 2011.

Like Ikeda, many return home as highly satisfied customers. Europe, as a market for Japanese tourists, continues to be a strong and steady performer, overcoming the gloom that has shrouded the global economy the past few years.

True, there has been growing

competition, particularly from South-East Asia, which has enjoyed an extended travel boom among the Japanese since around 10 years ago. Vietnam, for instance, last year saw a 19.7% jump in the number of Japanese tourists, totalling 576,386, according to statistics published by Japan's Ministry of Justice and the Japan National Tourist Organization.

So, what is Europe's attraction? In a word, culture, according to Chieko Chiba, a writer, journalist and public speaker who specialises in travel trends among the Japanese.

"You can break it down into three things: history, traditional street scenes and gourmet food," she says. "This may

## “JAPANESE TOURISTS ... ARE SEEKING OUT **NEW AND UNEXPLORED** CORNERS OF EUROPE”



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Lufthansa connects Japan with more than 110 European destinations

also be the reason there has been a drift away from the United States. Europe satisfies the spirit in the Japanese that wants to learn about history.”

“Europe offers a unique variety of historical, cultural and lifestyle highlights for Japanese travellers,” says Otto Benz, General Manager for Japan at Lufthansa German Airlines.

The Lufthansa Group, which includes Austrian Airlines and Swiss International Airlines, maintains the strongest European network, connecting Japan with more than 110 destinations in 37 countries, says Benz. The main airport hubs of the Lufthansa Group – Frankfurt, Munich, Vienna and Zurich – are located in the heart of Europe, thus guaranteeing

smooth transfers and short travel times, he adds.

Few countries have been more successful in capitalising on that preference than Germany. A total of 1.32 million overnight stays were recorded among Japanese visitors to Germany during 2012, up 12.5% over the previous year.

According to Peter Blumenstengel, the director general of the German National Tourist Office in Japan, the country’s diversity is a key to attracting tourists. Germany’s attractions are spread uniformly throughout the country.

Affordability is another draw. Whereas the average hotel guestroom rate is €256 in Paris and €172 in London, the figure for Munich is €123 and only €103 for Hamburg, according to figures supplied by the German tourist office.

Then there is a country’s image. According to Blumenstengel, foreigners of various nationalities generally hold Germany in high esteem, seeing it as extremely clean, safe and well organised.

“If I ask 100 people in a Japanese pub about Germany, they might say beer, sausages and Benz. That may not be a super-sophisticated answer, but it’s all positive,” Blumenstengel says.

But these may not be facts that

necessarily tell Germany’s entire story, according to Mikako Nakajima, a Tokyo-based marketing director.

“I used to see Germany as the country of Mercedes-Benz, a serious industrial kind of place, but when I went there, I was really [pleasantly] surprised. My image was completely wrong. There was history everywhere, with beautiful old villages and castles, and all the places just looked so nice,” muses Nakajima, recalling her trip in October last year.

“Facilities are important for Japanese. In the German hotels, the air conditioning and other equipment all work,” she notes.

Meanwhile, other Japanese tourists, having already seen Europe’s most famous sights, are seeking out new and unexplored corners. The number of Japanese heading to parts of eastern Europe, although still low, are registering double-digit growth.

Croatia, for example, recorded 155,088 overnight visitors from Japan last year, for year-on-year growth of 17.8%.

Such growth is especially good news for Turkish Airlines. With daily flights from Narita to Istanbul, the airline offers relatively quick access to southern and eastern Europe, as well as the former Soviet republics and the Middle East.



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“We’re pushing places like Albania, Kosovo, Bosnia and the Czech Republic,” says Cem Aldemir, the airline’s Tokyo regional commercial manager.

“The Japanese are searching for new destinations, because most first go to France, Germany or England. We’re also seeing more young Japanese, and we want to find new destinations for them,” he adds.

About 70% of the passengers on the flights from Narita are Japanese tourists, and about 70% of all passengers fly no farther than Turkey, with the remainder taking connecting flights. The latter group is poised to increase sharply, however, as Turkish Airlines plans to add a night flight out of Narita from 4 November. This will be primarily for those passengers who must catch connecting flights, according to Aldemir.

“The current morning flight arrives in Istanbul at around 6pm, which limits the connections they can take. So we’re adding the night flight,” he explains, adding that his airline saw a roughly 10% increase in Japanese passengers during 2012.

Also attracting large numbers of Japanese tourists is Finland. For many years, the Japanese went there just to see the northern lights in winter. But now they visit for the same reasons they would go to Paris – culture and design – according to Sakari Romu, sales director and general manager in Japan for Finnair.

“Fewer and fewer Japanese are interested in just seeing the big sights. They’re also looking for design and trends,” he says.

Spain is almost the reverse of Finland. For many years, starting in the 1990s, Spain was the hot European destination. This was helped along by a Spain boom in Japan, as people rushed to sign up for flamenco dancing lessons, and there



Croatia and its cultural capital, Dubrovnik, are increasingly popular with Japanese tourists

was a rash of Spanish restaurants. There was also the 1992 Barcelona Summer Olympics.

The trend cooled, eventually. In 2012, the number of overnight guests from Japan grew a modest 3.9% year on year. Accordingly, the Spanish tourist office (Turespaña) in Tokyo plans to entice repeat visitors to some of the country’s lesser-known regions, according to a spokesperson. After the established locations of Madrid, Barcelona and Andalusia, Japanese tourists will be encouraged to visit the nation’s northern and more of the southern regions.

“The south of the country has a large amount of [ancient] Islamic influence remaining,” the official says, noting “gastronomy and atmospheric streets of the new Spain” in the north.

Although inbound tourism from Japan was a success for Europe in 2012, it was in large part buoyed by the extraordinary strength of the yen against other regional currencies. With the Japanese currency now having lost around 30% of its value in 2013, Europe’s travel industry is focused on doing what it takes to keep the Japanese coming.

Much is at stake, after all. By many measures, tourism is the world’s biggest service industry – and the Japanese are among the customers who contribute most to it. [e](#)

## Tourist track

There are several ways for tourists to get around Europe, but the train holds special interest for many Japanese travellers, even if buses and low-cost airlines are cheaper or faster.

“The high technology [of Europe’s] rail systems is one appealing point for Japanese tourists,” says travel writer Chieko Chiba.

“Japanese people use trains a lot, for school excursions or getting to work, so they find it pretty easy to take trains in Europe,” says Eri Kagami of Rail Europe Japan, a reservation agency. “Europe’s rail network has really been improved in the last five or six years, with a high level of convenience.”

Last year, the agency – a branch office of Rail Europe 4A, a joint venture between the national railways of France (SNCF) and of Switzerland (SBB) – sold over 400,000 tickets and passes to Europe-bound customers in Japan. Some 85-90% of them were individual travellers.

“The tour operators generally use coaches, but you’ll find individual travellers on the trains,” Kagami explains.

# Roundtable – Executive search in Japan

Recruitment is a fast-moving, quickly evolving business. The veterans know each other well and, even as rivals, have plenty of news to share and issues to discuss. EURObiZ Japan invited Srikesch Chidambaram, managing director, RGF HR Agent Japan; Vijay Deol, managing director, SThree; and John Tucker, CEO, CDS, to examine the latest developments in their industry.

Moderator **DAVID C HULME**  
Photos **BENJAMIN PARKS**



## How can employers work with recruitment agencies more effectively in Japan?

**Srikesch Chidambaram:** Human resources departments should create a proper preferred supplier list and take on an attitude of partnering with the agencies. Part of that means full access to as much information as possible. Because the recruiters are looking for the best candidates — who are always passive in the market, rather than on the market — they must be able to fully represent the client. In Japan, however, many clients waste the chance to fully utilise recruiters — seeing them as potential poachers of their staff.

More and more companies have their Asia-Pacific headquarters in places like Hong Kong and Singapore, rather than Tokyo. Unfortunately, recruitment in Japan is completely different from that in other markets, and regional recruiting rules and experience don't readily apply

“THE BIGGEST PROBLEM IS EMPLOYERS TRYING TO APPLY A GLOBAL TEMPLATE TO JAPAN”

Srikesh Chidambaram



here. International clients need to trust the people with recruiting experience on the ground in Japan.

**John Tucker:** A common issue is clients who have not sorted out their internal consensus on the requirements for a role. When the hiring manager is not in Japan, what they are looking for is often quite different from what the local people are looking for. The recruiter is caught in the middle, presenting candidates that one side or the other is bound to reject. They end up missing a lot of good candidates.

**Vijay Deol:** If an employer is clear about what they want, the recruiter will prioritise them and work harder for them. Employers have to understand that it is quite a good job market in Japan. No matter how famous you are and how big your brand is, there are competitors who will be going after the same candidate. It is a very candidate-driven market.

If the client is clear about what they need, and communicates it clearly, it allows me to be a better agent. I will push candidates towards them.

**What are the common pitfalls?**

**Chidambaram:** The biggest problem is employers trying to apply a global template to Japan. Often, Asia-Pacific headquarters doesn't know about the realities of the hiring process in Japan. Recently, we had a client trying to push 15% fees on us, saying that they would otherwise recruit for next to nothing through various social networking

services [SNSs]. The HR department here was not explaining that SNS recruiting is not effective in a candidate-short market like Japan.

When there is that kind of downward pressure on fees, we'll focus on the clients who pay standard fees, move faster, and understand what happens in Japan with regard to the hiring process. The best clients have a strong understanding of the market, and are able to move quickly and partner with their recruiter as a consultant.

**Tucker:** The most common mistake is employers engaging too many firms. They end up with a lot of recruiters who have a low level of commitment to the search. If it's a highly contingent search, the consultant is not going to spend much time on it because they know 25 other recruiters are looking at the same pool of candidates from job boards, etc. The incentive to do research and headhunting just isn't there.

**Deol:** Another thing that results in bad hires is hiring based on English ability, rather than the best skills for the job. A lot of people have learned the lesson, but there are still many who have not.

**Chidambaram:** It can be important not to inform too many people about a key

role, because potential candidates start hearing about it from each other. If the role is important, don't degrade it, or give the impression that the client is desperate by spamming it out into the marketplace.

**When does it not make sense for an employer to use a recruitment agency?**

**Deol:** Some firms have good internal recruiters, with contacts of their own. In that case, there is no need to pay a recruitment fee. Also, there are positions that can simply be advertised.

**Chidambaram:** It comes down to the operational cost of having a position open. If you don't need someone right away, by all means put it on job boards and just wait. You may fill the position that way before the timing gets critical.

In Japan, over 50% of mid-career professional hiring is still done through recruiting agencies, which is unusually high. This is definitely a talent-short market. But which positions require the services of an agency is a matter of timing, as well as whether there is a desire to see only active candidates on the market or the best candidates in the market – including passive candidates who are open to opportunities, but are

“SOCIAL NETWORKING SERVICES WILL **TRANSFORM THE RECRUITMENT MARKET**, BUT WILL NOT MAKE AGENCIES OBSOLETE”

Vijay Deol



not registered on job boards.

**Tucker:** I think a lot of companies could do more with their internal referral programme. They should use that to the maximum before bringing in a recruiter. They'll find, as every good recruiter knows, that good people tend to introduce other good people.

A trend we see, especially in pharmaceuticals and technology companies, is increased use of internal recruitment specialists. They focus their budget for external recruiters on positions that are difficult to fill. This makes sense, because Japan has some of the highest recruiter fees in the world.

**How are social networking services impacting the recruitment market in Japan?**

**Deol:** Japan is still behind. Social networking services will transform the recruitment market, but will not make agencies obsolete. Social networking tools give agents access to candidates with an ease that we did not have in the past. It just depends on who is using the service most effectively.

**Tucker:** The overall impact of social media is overestimated. The part of the recruitment process that is affected is just the first stage of identifying

a candidate. That means that the traditional role of "name collecting" may not be as important in some industries. But there are 99 steps after that initial one – approaching the candidate, getting them interested, introducing them to the client, negotiating, closing, and so forth.

**With online networking, are contacts now company property or are they the property of an individual recruiter?**

**Deol:** I suggested this question because SThree is a startup. I set up the office in October and began aggressively approaching recruiters at other recruitment firms. Some of them were going to report me to spam lists and get me banned from LinkedIn.

More generally, many companies are now scrambling to put in place a social networking policy.

**Tucker:** There is one large international company here whose policy is that they own the consultant's data on LinkedIn, and that you must surrender your account when you leave. I think that's unenforceable. First of all, it probably contradicts the LinkedIn terms of use. More important, LinkedIn is no different from name cards. There's no real way to stop a determined recruiter from taking a copy. The main thing is to make sure

that the recruiter is not withholding information from your database in the first place.

**Chidambaram:** Our SNS policy is, when a recruiter leaves, we have the right to retain a copy of their connections. Taking ownership of their account, however, would be pointless – as it represents the recruiter as an individual. In the UK and the US there have been lawsuits around ownership of lists, but I have not heard of such cases in Japan.

**Deol:** If it came to a legal dispute in Japan, the courts would always favour the individual over the company.

**What other technologies are changing the industry?**

**Deol:** Internal web portals, with applicant tracking, are changing the industry to a certain extent. This is when a blue chip company creates its own database. Agents may have to agree to terms that don't give them much ownership of the candidate, such as having to provide the contact information of the candidate.

**Chidambaram:** We invested a lot in our website so that it links up automatically to all the iPhones, tablets and other devices. Also, Skype has dramatically enhanced the recruitment processes here. 

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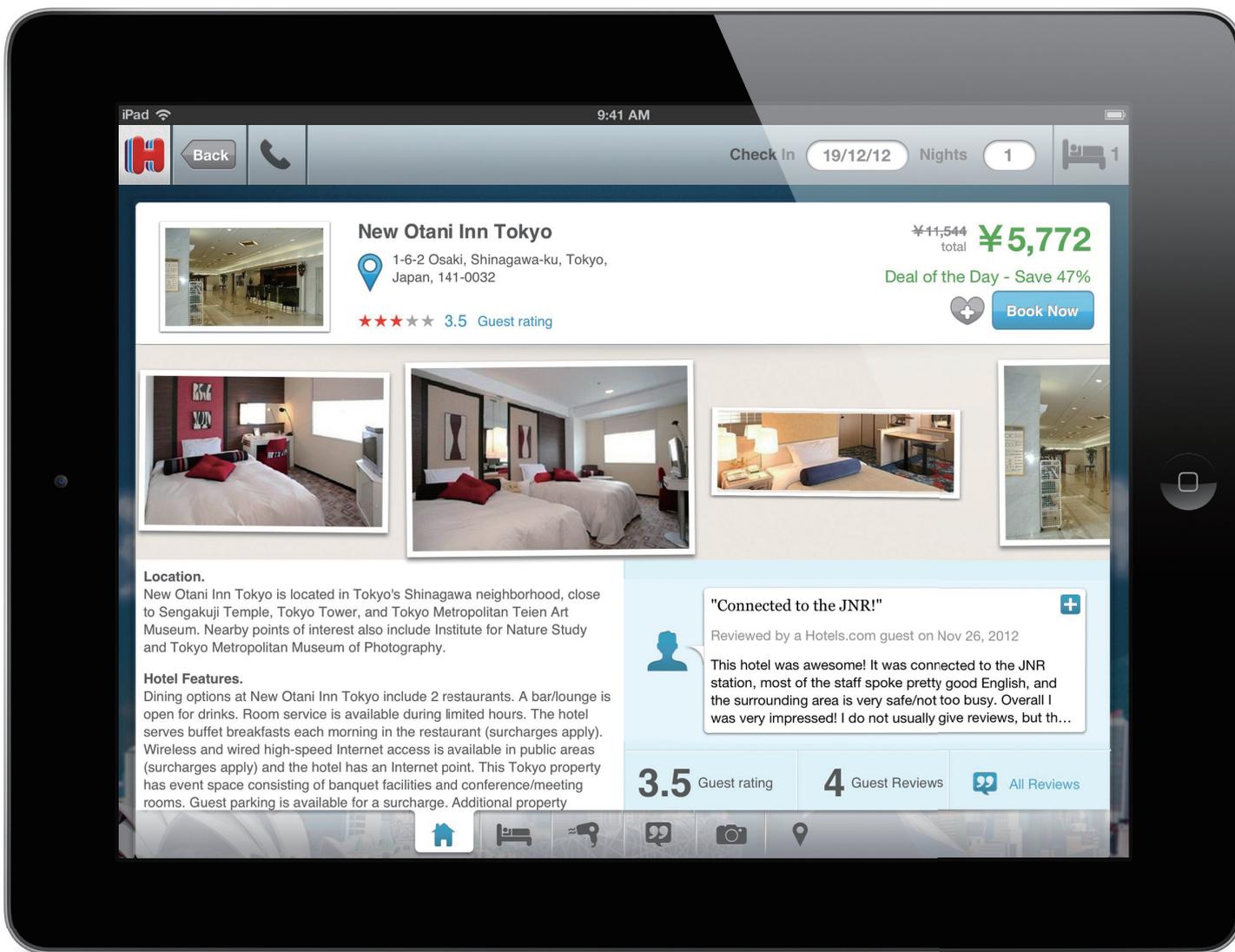
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# Fuel from rubbish

## Catalytic conversion revisited

Text **ALENA ECKELMANN**

The “great garbage avalanche” is not a scene from a science fiction film, but a real threat to our planet. Humans produce two billion tonnes of rubbish each year, including 450 million tonnes of municipal solid waste (MSW). Converting as much as possible of this rubbish into fuel makes sense environmentally as well as economically.

German-born, Yokohama-based Hans-Henning Judek, CEO of Energy Visions Japan and executive chairman of California-based Energy Visions, has been advocating just that for almost a decade. Judek and his team of engineers have sourced cutting-edge technology from around the world and put together a solution to this pressing environmental problem.

Catalytic conversion (CC), first patented by Prof Ernst Bayer of Germany’s Tübingen University in 1980, is a process that turns hydrocarbon material – such as biomass or the hydrocarbon content (paper, cardboard and plastic) of MSW – into high-grade, low-sulphur diesel fuel or heating oil.

Explaining the complicated process in simple terms, the source material is shredded, mixed with a catalyst and carrier oil, then heated to 280-300°C. The biomass decomposes, evaporates, and is distilled as a liquid fuel.

“While biodiesel and ethanol are typically produced from purpose-grown feedstock – such as rapeseed, canola and other vegetable-oil plants, sugar cane, etc. – our CC technology utilises mainly unwanted matter like rice straw, cotton stalks, forest and wood-processing residue,” says Judek.

The materials include animal offal, household garbage, industrial refuse, food-industry waste, non-recyclable plastic, and e-waste such as old

### OFFERS FOR **POTENTIAL COOPERATION PROJECTS** ARE IN THE RANGE OF **€3 BILLION**

computers, mobile phones and TVs.

“Using rubbish to produce fuel lessens dependency on imported fossil fuels and helps to reduce the mountains of garbage that clog landfills around the planet,” states Judek.

Energy Vision’s smallest plant, CC 500, can convert two tonnes of biomass into as much as 500 litres of fuel per hour, potentially over four million litres annually. The medium-sized plant, CC 1000, produces 1,000 litres of fuel per hour.

The units are modular and can be daisy-chained for larger installations. But as biomass has low energy content, having the conversion plant close to the source is a major advantage in terms of energy balance and cost.

“Our CC technology has a big appetite for waste and garbage matter, so one of the problems we encounter is that the client is not able to secure a constant and stable supply to ensure 24/7 operation of the plant,” Judek says.

“The smallest CC installation would require in total – with all peripheral installations – funding in the range of €10 million,” he explains.

Currently, Energy Vision Japan is running pilot projects in Australia, New Zealand, and the Middle East/North Africa region. Full-scale commercialisation of the technology is expected next year.

“We constantly receive enquiries from around the world, and the offers for potential cooperation projects are in the range of €3 billion – impossible to manage with a company of our size,”



Energy Visions CEO Hans-Henning Judek likes a generous supply of biomass

admits Judek. “So good cooperation with technical and marketing partners is an important part of the business model.”

Considering the potential of CC to power Japan’s large fleet of construction machines and fishing vessels, and generate light and heat for rows of greenhouses, Judek admits that the level of interest in Japan has been surprisingly low.

“Rather than use innovative technology from abroad, there is a tendency to play safe and go for technology that has been on the market for at least 20 years and is on the BAT [best available technology] list,” says Judek.

However, there is a chance for quick action to help clean cesium-contaminated land in Fukushima prefecture.

Biomass from near the Fukushima Daiichi Nuclear Power Plant can be converted into fuel using the CC process, with a special zeolite catalyst being used to extract cesium. After filtering, only a small volume of the radioactive substance would remain for disposal.

Zeolites can bind up to six grams per kilogram of a contaminant such as cesium.

“We are looking for Japanese partners from the private sector for the funding of a small pilot demonstration project in Fukushima,” says Judek. ☺



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# THE WALL STREET JOURNAL.

# Official visit to Japan by Edwina Hart, Minister for Economy, Science and Transport, Government of Wales

Palace Hotel Tokyo, 12 June, 2013

Text **JENNIFER ZYLINSKI-SPARGO**

Though Japanese companies such as Toyota, Sony and Panasonic have been operating there for more than 40 years, Wales is about much more than manufacturing, insisted Edwina Hart, Welsh Minister for Economy, Science and Transport, during a six-day visit to Japan.

“We have beautiful remote locations, lovely beaches, historic castles, wonderful golf courses and the path along the coast,” she said in an interview with EURObiz Japan. “There are many tourism opportunities, and we will be exploring them more after this visit. We have to make sure the travel agents have the package.”

The 870-mile (1,400km) Wales Coast Path referred to by Hart is already a tourism success story. In 2012, the first year of operation, 2.8 million people walked stretches of the path, contributing £16 million to the Welsh economy in various ways, including the use of hotels, guesthouses and bed-and-breakfast inns along the way. The population of Wales, by the way, is just over three million.

Accompanying Hart on the visit to promote investment and trade in areas such as tourism, education, sports and manufacturing were Ron Loveland, energy advisor to the Government of Wales, and Mike Hnyda, deputy



**Edwina Hart**

director for trade and inward investment.

“Our traditional strength is in automotive manufacturing, but now we have some very good high-end producers such as jewellery brand Clogau Gold of Wales [known as the traditional maker of wedding rings for the British royal family], Abergavenny Fine Foods and semiconductor wafer maker IQE,” said Hart.

Her visit coincided with a trade mission that included, besides the above-mentioned, representatives of equipment manufacturer Reid Lifting, bioanalytical contractor Simbec Research, fabric designer and producer Melin Tregwynt, chemicals maker ISCA UK and Aloha Telecommunications.

Hart explained that in a small country such as Wales, where “everybody knows each other”, sports play an important role. She pointed to the visiting Welsh rugby union team as “part of Team Wales”, helping to draw attention and build relationships.

“Even the Japanese companies are part of the team. Some have been with us so long that we see them as



**Lansteffan – south-west Wales**

© CROWN COPYRIGHT (2012) VISIT WALES

Welsh companies,” she said. “We have over 50 Japanese companies in Wales, employing over 6,000 people, so consolidating relationships with them is the main purpose of my visit.”

A relationship of particular importance to Wales is that with Hitachi, owner of Horizon Nuclear Power, which plans to build an advanced nuclear reactor on the island of Anglesey, off the northern coast of Wales. In that case, the principal relationship is between Hitachi and the UK government.

Hart said her meetings with executives in Tokyo build on relationships with their counterparts in Wales.

“I have interesting conversations with all of them at home. Because Wales is small, you can get access to the government with just one phone call,” she said. Japanese managers are welcome for more than the economic benefits that their companies bring, Hart added.

“Their children go to local schools. They get involved

in the community. They and their companies contribute in very meaningful ways.”

As well as having manufacturing skills, the minister added, Wales punches well above its weight in the biotechnology and life sciences sector.

“We are very innovative in the life sciences, which is also a key area for the Japanese economy, so we are building links there for the future, including links with higher education in Japan,” she explained.

Hart has previously served as Minister for Finance and Local Government, as Social Justice and Regeneration Minister and Minister for Health and Social Services, all portfolios that did not require travel abroad.

“This is my first visit to Tokyo,” she said. “Of course there were extensive briefings, but they do not really prepare you for the experience. I am surprised how beautiful and green it is.

Compared to London, Tokyo is quiet and calm. I like that.” 

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# The global manager

*Step forward all cultural executives*

Globalisation and human resources (HR) issues, it seems, are never far away from the thoughts of senior executives. With this in mind I took the opportunity to organise two Economist Corporate Network events recently to explore how firms and individual executives in Japan are dealing with the challenges of attracting and developing global talent.

The first event took as its premise the notion that, as Japanese firms increasingly look overseas for growth, competition with foreign multinationals in Japan for high-calibre, globally orientated individuals with the requisite skills and mindset is heating up. JETRO (Japan External Trade Organization) surveys of foreign firms in Japan used to identify “difficulties in securing suitable personnel” as a major impediment to doing business in the country. This was often explained in terms of Japanese graduates and mid-career managers preferring the security of long-term employment practices and the prestige associated with working for a major Japanese firm, compared with the supposed risk of working for a foreign firm. More recently, this mindset appears to have changed for the better, and in many cases foreign firms are seen as an attractive alternative for graduates and managers eager to more rapidly advance their careers. At the same time, there seems to be a widening disparity between the aspirations and abilities of the shrinking number of Japanese graduates and the needs of the firm.

The speakers, invited from major Japanese and foreign multinationals, showcased a wide range of strategic responses to the fundamental challenge of human resource management – finding the right person for the right role – ranging from a traditional focus on personal introductions through university sports clubs to benchmarking global best practice and adopting English as the lingua franca. Approaches

to attracting and retaining women in the workforce, a hot topic for the Abe administration’s “growth strategy”, also varied widely with one (foreign) firm utilising ICT (information and communications technology) to offer a flexible and mobile work environment, while another (Japanese) firm reported continuing struggles with this in spite of proactive policies, including a company crèche.

These varied responses certainly suggest that firms need to be thinking more creatively in terms of attracting and retaining the right people for the right role. So much for the corporate level; but what about the issue of developing Japanese executives as a global talent?

To consider this question, the second event also drew on the experiences of senior HR specialists at both Japanese and foreign firms in Japan, but shifted the focus from the firm to the individual. Our starting premise was that, while there is no shortage of highly skilled executives in Japan, there is a distinct lack of Japanese executives at the senior level in non-Japanese firms abroad. Many suitably skilled and experienced Japanese executives are, it seems, losing out to others due to a lack of interface with – or understanding of – global management styles. Why is this? What can the individual do to address the issue, and how can firms foster the development of global talent? Is it all simply about language? Does being global mean dropping one’s own culture for another?

While the first event was geared towards the top executive level of foreign multinationals in Japan, the second was predominately populated by mid- to senior-level Japanese executives at both foreign and Japanese firms. Many of these executives have overseas experience, and all were keen to discuss concrete ways in which they can prepare for more senior and globally orientated roles.

“ESSENTIAL COMPONENTS (INCLUDE) AN **ABILITY TO COMMUNICATE** THAT GOES BEYOND LANGUAGE”

Quite quickly, the panellists focused on a set of attributes that they saw as essential components of a global mindset (see June Executive Notes). These include curiosity, empathy, imagination, confidence and, most importantly, an ability to communicate that goes beyond language. The speakers also defined global management in contradistinction to international management by stressing that the “global” environment thrives on diversity rather than requiring an individual to adopt a specific culture. This is a different debate than the apply/adapt narrative of “international” management, and instead stresses that the “global” space is a neutral space. In other words, success as a global manager may be premised on an ability to understand and empathise with colleagues, suppliers or customers from diverse backgrounds, rather than adapting to another culture or applying one’s own.

But to what extent do HR policies reflect the need to nurture and develop these attributes; and, conversely, how strategic are individuals in developing their global careers? No easy answers, but at least the debate appears to have moved on from the binary choice of “Japanisation” or “Westernisation”. Here’s to globalisation! 

**ANDREW STAPLES**  
Director of the Economist  
Corporate Network, Japan



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# Fresh ideas

## *How to keep the innovations flowing*

Text **GAVIN BLAIR**

In a global market that is changing more rapidly than ever, few doubt the importance of innovation to staying ahead of the curve. So, how is this achieved? Joseph Schumpeter, the Austrian economist and political scientist, defined innovation as the most critical element of economic growth and identified its five most important areas as products, production methods, supply, markets and organisation.

The factors that make, and maintain, a company's innovative edge are influenced by its corporate culture, investment decisions, personnel structure, and even by broad financial and economic trends. Innovation has been crucial to the development of trade between the EU and Japan, and continues to drive the growth of business between them.

Dr Gerhard Fasol is founder of Eurotechnology Japan, a consultancy that works on a wide variety of projects with both European and Japanese companies, mostly in the high-tech sector. He believes that nurturing creative individuals is the single most important determining factor.

"I think that people are the key. Some people are like Picasso; they can't stop creating new things. They are driven. It's the same for engineers, or other creative people. The trick is not to stifle such creative people with a huge bureaucracy, but to empower creative people to do what they do best," says Fasol. "Of course, in a commercial company, money is important. So if you have a combination like Steve Jobs and Jony Ive at Apple, or Nobuo Ogawa and Shuji Nakamura – who created the global [LED] lighting revolution – at Nichia, then you have a winner.

"However there are many situations, where super-creative people are driven out of organisations, because these organisations are unable to empower them. That's what happened, for example, when Nobuo Ogawa, the founder of Nichia, died. Shuji Nakamura was driven out, and today is in the US," adds Fasol.

"For technology companies, if you have only financial people running the show, that can often lead to disaster," suggests Fasol, citing Sony as an example of what can happen when top management shifts away from being dominated by those with an innovative engineering background.

German semiconductor giant Infineon, which was spun off from Siemens in 1999, has managed to retain a corporate structure that represents its DNA as a technology company, according to Yasuaki Mori, head of Infineon's Japan operations.

The company's executive board is appointed by a panel representing labour and management equally. Board members are CEO Reinhard Ploss, CFO Dominik Asam (mechanical engineering graduate with an investment banking background) and Arunjai Mittal (electrical engineer). Mori believes that the youthful Asam and Mittal, both in their early forties, bring a balance of technical and financial nous to the company's management that helps facilitate innovation.

Infineon, which employs more than 25,000 people and has annual revenues of around €4 billion, has reorganised its business divisions to respond to the differing product cycles and the associated innovation required in its three major business segments: Mobility, Energy Efficiency, and Security.

"In automotive, innovation happens in terms of new models every five years or so, but every two to four years for energy generation and large equipment, and in just one year for chips in consumer-oriented and other smaller devices," says Mori. "It's very difficult to combine this kind of five-year process with one that is coming around every year. You need to understand each segment separately."

Innovation cycles are even shorter in the battle against white-collar crimes such as credit card fraud.

"In chip card security, it's a constant race against the hackers. It's really a case of keeping ahead of the game. It used to be a matter of physically protecting the card; ensuring the data was wiped if the chip was taken out," explains Mori. "Now [criminals] can get inside without removing the chip. So we've installed two CPUs inside the chip, [but] both must be working simultaneously. If someone tries to probe inside, the whole thing shuts down and the data is all encrypted."

Collaboration, both within the company and with customers, is vital for innovation, according to Mori, who says that rotating people around divisions internally helps to create the personal synergy that can lead to the development of new ideas and products.

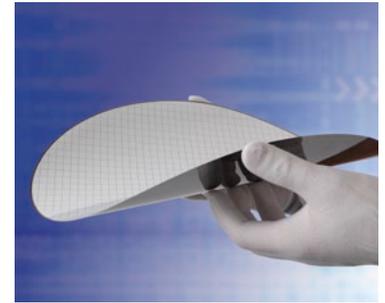
"Breaking down silos is tough, but silos can also be good in that they allow people to focus completely on their own area," he says.

The career of Michel Théoval, head of Group Hi Tech (GHT) Japan, has been inextricably linked to innovation. GHT represents both innovative European small to medium-sized firms (SMEs) in Japan and their domestic counterparts aiming to tap into EU markets.

"I spent a quarter of a century with Thales. This company registers 350 to

## “IN CHIP CARD SECURITY, IT'S A CONSTANT RACE AGAINST THE HACKERS”

Yasuaki Mori



400 patents a year, and loses about 350 to 400 annually to the 20-year rule concerning patent expiration. The war chest of that company is about 15,000 patents, including some very important ones,” says Théoval. “I have always been immersed in innovation.

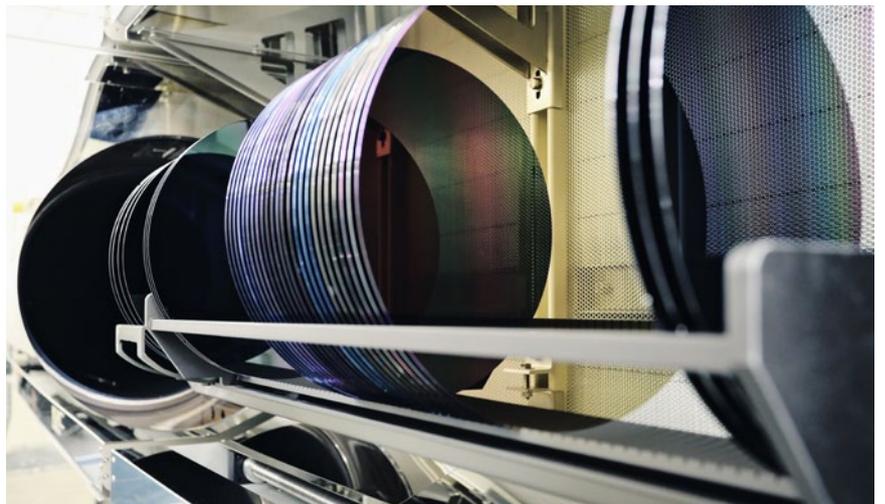
“The importance of innovation depends on the domain,” he continues. “If, for example, you manufacture cutlery, then it may be innovative to use ceramics instead of aluminium, or to commission a nice Italian or Catalan designer; but you can also make standard knives and forks, and people will buy them. But if you manufacture, for example, contamination suppressing garments, either you offer a new solution or you're out of the market, because progress here is mandatory.”

GHT represents Paul Boyé, a Toulouse, France-headquartered manufacturer of hazmat suits, in the Japanese market. The company supplies governments and other public entities around the globe, including the US military.

“SMEs such as these are driven purely



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**Infineon Technologies beat the competition by being the first worldwide to produce power semiconductors on 300-millimeter thin wafers**

by innovation. They have to progress all the time to be the best in the world, because with the public tender system, there is no chocolate medal for second place,” says Théoval.

One of the common characteristics Théoval identifies among the innovative companies he represents is that they are based in the provinces rather than capital cities or industrial centres.

“People in the provinces have more time to think about something new. They are less affected by the feeling that is common in the big cities that everything worthwhile in the world has already been done,” he suggests.

One such provincial company, a 60-person outfit based in Lannion, northern Brittany, is ECA Faros, which makes flight simulators that are used by 170 airlines and some of the major aircraft manufacturers.

According to Théoval, ECA Faros flight simulators match many of the functions of competing models at a fraction of the price. Kitakyushu-based budget airline StarFlyer is so impressed with its new

simulator, for which troubleshooting can be carried out remotely by ECA Faros, that it is looking into opening a pilot training centre for other low-cost carriers.

Innovative SMEs could be an answer to the blight of unemployment in Europe, Théoval believes. It is unrealistic to expect big corporations to double their workforces over the next five years, but not beyond the realm of possibility for some of the region's smaller companies numbering in the hundreds of thousands.

However, Théoval is concerned that the increasing pressure on European corporations to think in terms of quarterly results rather than long-term investment is eroding their capacity for innovation.

“Industrial companies are slowly losing the ability to be innovative because of the financialisation of Western capitalism,” he says. “The financiers who are in charge are very risk-averse. Bean-counters cannot be innovative.” 

# Ireland

*The Ireland Japan Chamber of Commerce (IJCC) was formally established in January 2008, replacing the Japan Ireland Economic Association founded back in 1973. The IJCC members represent a cross-section of companies, business people and entrepreneurs from Ireland, Japan and other countries.*

**Total area:** 70,273 sq. km

**Coastline:** 1,448km

**Natural resources:** natural gas, peat, copper, lead, zinc, silver, barite, gypsum, limestone, dolomite.

**Population:** 4,775,982 (July 2013 est.), over 40% reside within 100km of Dublin (capital). 44.4% are 25-54 years old.

**Communications:** 4.906 million mobile phones (2011), 3.042 million Internet users (2009).



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# Matthew Connolly

President, Ireland Japan Chamber of Commerce

[www.ijcc.jp](http://www.ijcc.jp)

Text **DAVID C HULME**

A refreshed structure and an expanded events programme are delivering results for the Ireland Japan Chamber of Commerce (IJCC). A good indicator was the jointly organised Emerald Ball, celebrating St Patrick's Day in March, with 280 guests, 100 more than the previous year.

"The Emerald Ball was revamped with new music, a new location and new sponsorship, and 280 guests is the maximum the Conrad [Tokyo hotel] could accommodate," says IJCC President Matthew Connolly. "It was also good to be able to raise a decent amount of money for charity."

More than 100 people attended the IJCC Business Awards Dinner at the end of November. There were also large joint chamber events with both the British Chamber of Commerce in Japan and the American Chamber of Commerce in Japan, drawing 120 to 150 guests to each.

"For a small chamber like ours, that was great. It reflects our close affinity with both the British and American communities," says Connolly. Larger events make a difference, he adds, because the ability to network is a big draw for members.

The IJCC has also been busy with a sudden surge in visits by government representatives. Seán Sherlock, Irish Minister of State for Research and Innovation, was here in October, followed by Fergus O'Dowd, Minister of State for the NewEra Project, in December. The NewEra Project is a major government programme of investment in water, power and telecommunications networks.

In March, Minister for Transport, Tourism and Sport, Leo Varadkar, visited Japan.

Connolly also hopes the next St Patrick's Day in Tokyo, on 17 March, will be the first with an officially organised festival in Shibuya's Yoyogi Park.

"The chamber has applied to the ward office on behalf of the Irish community to

hold a festival where people can gather before and after the parade," he says. "We expect there will be bands, singing, dancing groups, food and drink stalls and sponsors' booths. And this will act as a central point for the day."

All the activity is having a positive influence on membership, with numbers up about 10% in 2012, on top of a 7% increase the year before that.

"Had we lost no members, we would have been up 20% last year," says Connolly. "We set a target of 20% [membership increase] this year, and I believe we will achieve it with the structures we have put in place." The chamber now allocates more resources to understanding what its members are doing and what they want from the chamber.

"A refreshed structure, an expanded events programme and membership increases are good for the IJCC and Ireland," says Connolly.

The chamber is also paying greater attention to involving Japanese companies with businesses back in Ireland.

"Now we will approach them to see what they really need," says Connolly. "At the most recent board election, in May, directors were appointed who are Japanese and have worked in Ireland. This trend is partly a function of the fact that more Japanese companies are seeking to go global. It will make even more difference in the future."

Connolly continues: "One of our members, Toyoko Inn, has increased its presence in Ireland recently. Other Japanese companies are also basing their European operations in Ireland. Ireland is part of the EU, is English-speaking, has fair and reasonable corporate tax rates, and has young, well-educated potential employees."

Connolly is generally optimistic about current business and economic trends for Japan, including the weaker yen and the stimulus of Abenomics.

He is also highly optimistic about

“A refreshed structure, an **expanded events programme** and membership increases are good for the IJCC and Ireland”



Irish Ambassador John Neary (L) looks on as IJCC President Matthew Connolly presents the 2012 Innovative Exporter of the Year Award to Peter O'Connor, Asia sales vice-president for IT company Corvil

Japan hosting international sporting events.

"If Japan is selected to host the 2020 Olympics, and having already been awarded the 2019 Rugby World Cup, the years leading up to those events will improve the mood and boost investment and tourism," he says.

Though among those who worry about the sustainability of Abenomics, he concedes at least the short-term necessity.

"The way it was for the past 20 years clearly did not work," he comments.

Meanwhile, the "light at the end of the tunnel" that Connolly saw for the Irish economy a year ago has grown brighter.

"We have gained a lot of credibility. We've hit all the targets set by the EU, IMF and European Central Bank, and without industrial disputes," he explains. "The government made the tough decisions and things are moving in the right direction."



# Two-way traffic

## *Railway businesses anticipate reciprocal opening*

Text **DAVID C HULME** Photos **BENJAMIN PARKS**

With governments everywhere seeking to get people out of cars and onto public transport for travel within and between cities, the outlook is generally bright for railway operators and equipment suppliers. Members of the EBC Railways Committee explain the special situation in Japan to *EURObiz Japan*.

“Opportunities are beginning to open up for us, and now we are competing for the JR East signalling upgrade,” says Kuniki Nakamori, country president of Alstom K.K. and Alstom Grid Japan. Alstom, of France, operates globally in the power generation, power grid, renewable energy and transportation sectors, with 26,700 employees and sales of €5.5 billion in transportation. The 2002 acquisition of ABB-Gadeliuss gave Alstom a foothold in Japan, but the company had no railway-related business here until recently signing a partnership agreement with Japan Transport Engineering Company related to light rail transit (LRT) in Japan.

Alstom Grid Japan is a different story. It provides electrical substation packages, switchgears and power transformers,

and claims a major share of the market for the range of 66/77 kV circuit breakers used by Japanese utilities.

In direct competition with Alstom for the signalling contract is Thales Japan, subsidiary of the French defence industry giant.

“In the area of ground transportation, we develop security and safety systems, as well as signalling, communications and ticketing,” explains Julie Donat, business development manager in the transportation systems division of Thales Japan. “Thales has been in Japan for 50 years, but transportation is a new business for us here.”

It will be a nervous wait for the two French companies, selected from among an initial 10 domestic and foreign bidders under consideration by East Japan Railway (JR East). A decision is likely by the end of this year, and the new system is expected to be operational by 2020.

The major innovation is on-board wireless automated communication between trains and control centres, thus eliminating track circuits and vastly reducing cabling. France, the United States and China are among countries that have already adopted the technology.

“ JAPANESE  
MANUFACTURERS WHO ARE  
**PLANNING TO MARKET  
OVERSEAS** ASK FOR OUR  
SERVICES ”

Jürgen Apitzsch, TÜV SÜD



While Alstom and Thales are in a winner-takes-all competition, niche suppliers have their foot in the door already.

“We are at the lowest level of the supply chain,” says Dr Thomas Wittek, managing director of Hoffmann Carbon Japan.

Hoffmann Elektrokohle in Austria, Hoffmann Carbon’s parent company and part of Germany’s Schunk Group, is the world’s leading manufacturer of carbon sliding strips for railway application such as roof pantographs and third-rail current collectors, as well as carbon brushes for grounding contacts.

“In Japan we are aiming to make money as a second-source supplier to railway operators. Ours is a product that needs replacing every three to 12 months,” explains Wittek. “We also supply Japanese equipment manufacturers, mainly for their projects abroad.”

Goldschmidt-Thermit Japan has a solid grip on the railway welding business.

“We have been doing business here with a Japanese partner, Mi-ne Seisakusho, since 1979. Our business is stable, and we have a dominant position, with 42-43% of the JR [Japan Railways] Group business,” says managing director Shigetoshi Kawahara.

Goldschmidt-Thermit also develops and sells a full range of railway-maintenance devices for measuring and documenting such factors as rail evenness, gauge, wear and temperature.

Certification and assessment body TÜV SÜD also has a strong interest in railways.

“Japanese manufacturers who are planning to market overseas ask for our services,” says Jürgen Apitzsch, rail group engineer in TÜV SÜD’s functional safety department in Tokyo. “When they want to export, we can help them to comply with



“ IT IS NOT POSSIBLE TO  
BRING IN OUR **HIGH-SPEED  
TRAIN SYSTEM** BECAUSE THE  
SYSTEM IS COMPLETELY  
DIFFERENT ”

Kuniki Nakamori, Alstom

the requirements of international standards through our local experts as well as our global network. The challenge is to achieve a common understanding of the safety standards and principles.” TÜV SÜD provides a complete end-to-end portfolio of consulting, engineering, testing, certification and training services for conventional and high-speed – as well as metro and light – rail.

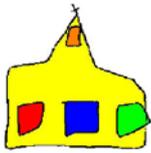
Apitzsch is upbeat that Japanese manufacturers, with encouragement from the Japanese government – and strong interest from countries such as China and India – are putting more emphasis on overseas markets.

“However, if they want to export their products, international or European safety standards – as well as technical specifications – apply. And that is our opportunity,” he says. “Our business is growing, and the prospects are good.”

The 2011 Tohoku 3/11 triple disaster was a turning point for many firms in Japan, not least in the transportation industry.

“The production sites of many Japanese companies were affected. One of our competitors, which had an 80% market share, was very seriously affected,” says Wittek of Hoffmann Carbon. “Railway operators learned that they need a reliable second source, and even a supplier with production facilities outside areas that are prone to disaster. Some of them, though not all, are changing their procurement policies and diversifying.”

Japanese railway operators are expanding overseas as well. JR East has opened branch offices in Brussels and Singapore, adding to Paris and New York. In late 2011, Tokyo-based Japan International Consultants for Transportation was formed to help boost overseas business for its constituent railway companies.



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reads

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“OUR **BUSINESS IS STABLE**  
AND WE HAVE A DOMINANT  
POSITION”

Shigetoshi Kawahara, Goldschmidt-Thermit Japan

“RAILWAY OPERATORS  
LEARNED THAT THEY NEED A  
**RELIABLE SECOND SOURCE**”

Thomas Wittek, Hoffmann Carbon Japan



Donat of Thales sees Japan opening more to foreign vendors because the country's operators and manufacturers want access to overseas markets.

“JR East is showing the way. The first big contract was related to brake units for Shinkansen [bullet] trains,” she says, referring to the 2010 success of German manufacturer Knorr-Bremse Rail Systems Japan, which has been active here since 1992.

Nakamori of Alstom agrees that the trend is positive, particularly with strong leadership and innovative economic policies from Japan's government.

Wittek wholeheartedly welcomes the nascent internationalisation of Japan's railway businesses.

“They have to go outside Japan to survive, because the market here is almost saturated,” he says. “That is good for us. When they experience our products abroad, they may be more willing to promote the use of those products in Japan.”

While a company such as Alstom covers the entire railways sector, including high-speed trains, freight systems and light rail transit (LRT), its expectations are limited.

“We have the negotiations with JR East regarding signalling, service and maintenance, and some possibility for LRT,” says Nakamori. “Although we will not be competing in the high speed train business in the home of the Shinkansen, we expect to compete with Shinkansen in overseas markets.”

Alstom, however, is also a big player in electric power generation and distribution.

Some JR companies generate their own power, but many depend on the Japanese utilities, so price is a real headache. It makes sense for them to generate their own energy, combining conventional and alternative sources. We have

the technologies, including the grid technology, explains Nakamori. “We are looking at the possibility of some business in power generation and distribution.”

Business development manager Donat sees many opportunities for Thales.

“This is a new market for us, but it is huge. Japan has 27,000km of rail, and very large urban areas. There will not be many new lines, but there is a lot of work to be done refurbishing end-of-life systems,” she says, noting that Thales has experience with re-signalling projects in such cities as New York, London and Singapore. “We see Tokyo in the same vein – complex and dense.”

Kawahara, who chairs the EBC Railways Committee, notes that “once there is a major project for an Alstom or Thales, [niche suppliers] can share the market.

Such providers include Nihon Getzner and TÜV Rheinland. Austrian Getzner Werkstoffe, which calls itself the “good vibrations company”, supplies elastic products and systems for vibration isolation. TÜV Rheinland, headquartered in Cologne, is a provider of technical services worldwide.

Despite the positive outlook, serious impediments remain, as has been explained in EBC white papers.

Wittek notes, for example, that testing methods used in Japan are not even compatible with some of the Hoffmann Elektrokohle products that must be tested for approval here.

Another issue for negotiation is the “operational safety clause” in Japan's standards, which European suppliers feel is applied arbitrarily to exclude them.

“The procedure for confirming safety is important,” says Nakamori. “We hope the ongoing EU-Japan free trade talks will improve transparency for our business in Japan.”

“ HAEMODIALYSIS  
FLUID IS **CLASSIFIED AS A  
MEDICAL DEVICE** IN MOST  
COUNTRIES, BUT IN JAPAN  
IT IS A DRUG ”

Takeshi Fujiwara

# Purity in the blood

Gambro 

Text **DAVID C HULME** Photo **BENJAMIN PARKS**

Takeshi Fujiwara, president of Gambro K.K., a subsidiary of Swedish dialysis pioneer Gambro, is excited about a new product set to dominate a niche area of Japan's

blood dialysis market.

With production facilities in nine countries and sales in more than 100 countries, Gambro specialises in extracorporeal therapies, in which blood is circulated through purifying filters outside the body, for both chronic and acute kidney and liver dialysis patients.

What has Fujiwara's hopes up is a blood purification membrane for the treatment of septic shock, a sudden loss of blood pressure due to infection in the bloodstream.

"We completed the clinical studies for septic shock treatment last year and will launch the product at the end of next year," he says. "There is no other septic shock filter with [insurance] reimbursement in Japan, and our membrane is already well known and accepted by doctors."

No wonder. Septic shock can be a stealthy killer of patients who seem on the road to recovery.

About 30% of Japan's 10,000 or so patients with acute renal failure suffer septic shock. An effective way of removing bloodborne pathogens from sufferers will be a powerful addition to conventional drug treatment.

"Many other types of patients, including those who develop pneumonia in the hospital, are also at risk of septic shock," explains Fujiwara.

Business may be looking up, but the really big change in the works for the parent company Gambro is its acquisition by US medical devices manufacturer Baxter International. Both companies are dialysis pioneers, with complementary specialities. Baxter is the world leader in peritoneal dialysis for severe chronic kidney disease, while Gambro is number one in acute blood purification therapy and number two in extracorporeal therapy. Fujiwara says he is looking forward to the merger.

"This is good for the patient. We will be able to offer a full range of choices," he says. "There is a cultural difference, but our goal is the happiness of patients; both companies are focused on the customer. We will be able to do

many times more business than now."

In Japan, Gambro has ceased sales of its advanced dialysis machines and has yet to obtain certification for its dialysate fluid and replacement fluids.

"It is difficult to compete in the area of machines. They are just pumps and gauges. Japanese manufacturers have good products and ours is not so different, and the market is not growing," says Fujiwara. "The core product is the membrane, produced especially for Japan, and it can be used in our competitors' [dialysis] machines."

Gambro's past equipment-related partnerships, one with Teijin and another with Shimizu Seiyaku, however, have been dissolved.

"I gave the Japanese players this sector," says Fujiwara, who began his career as a design engineer for Toshiba and later spent 10 years in Germany managing the engineering group of Fujifilm there. He returned to Japan in 1999 as plant manager for Gambro, became country manager in 2003, and has made a full transition from engineer to sales manager.

As for dialysis fluids, he explains, approvals in Japan are extremely expensive and time-consuming compared to other countries.

"It would take €5-10 million to get approval," he says. Beyond the cost factor, the biggest problem for Gambro is the lack of available pharmaceutical resources.

"Haemodialysis fluid is classified as a medical device in most countries, but in Japan it is a drug," notes Fujiwara.

Baxter International's resources will be crucial to Gambro, as its pharmaceuticals sector can help with the registration process, he adds.

Such issues have made Fujiwara an active lobbyist and a keen supporter of free trade negotiations. As vice-chairman of the EBC Medical Equipment Committee and a board member of the Japan Federation of Medical Devices Associations, he is in the unique position of representing both the EU and Japan.

One core problem facing Gambro is that Japan has nothing like the CE Mark of the EU, which amounts to a manufacturer's declaration that its product complies with all relevant legislation. The mark is mandatory, but the onus is on the maker.

"In Japan, the government is the key authority. The government has to know everything," says Fujiwara. "Harmonisation is going to be very tough to achieve. The EBC states its position in the white paper every year. Our initial goal is to get full alignment with the ISO [International Organization for Standardization]. The EU Parliament and EU member states have also taken this position."

By size, worldwide, Gambro is second only to German healthcare group Fresenius as a maker of dialysis equipment. According to Fujiwara, Gambro is the only non-Japanese firm in its field with a sales organisation here. The sales team, based in St. Luke's Tower next to St. Luke's International Hospital in Tokyo, is 35 strong among a total of 80 staff, claiming a market share of about 5%.

"In Japan, we are also informing the market. As a global company, we have much more information than Japanese equipment makers do about global therapies and products," continues Fujiwara.

Japanese makers of dialysis equipment – such as Asahi Kasei Medical, Toray Medical and Nipro Medical – are building up their presence outside Japan.

"They focus especially on Europe because prices are stronger there. Their market share is growing, but they are still weak in the sales and marketing areas," says Fujiwara, who also serves as vice-chairman of the Swedish Chamber of Commerce and Industry in Japan.

Japan, he adds, is ideally served in terms of dialysis treatment.

"Mortality rates are low. Prices are low. Customers are happy," he says.

Gambro has therefore had to find niches in which to leverage its advantage.

"We don't focus on overall market share," says Fujiwara. "We look at categories of patients with specific needs, such as the very frail, severe diabetics, the malnourished and others with chronic conditions. We want to keep growing because there are particular patients who need our dialyser."

Business has been good ahead of the Baxter merger, he adds, because the numbers of such patients are growing in Japan.

# Intellectual Property //

## *Fake goods still pouring into Japan*

Text **GEOFF BOTTING**

**A**s an economy matures, its demand for cheaply made counterfeit goods should be expected to decline steadily. In Japan, however, the market for knock-offs remains a persistent problem for holders of trademarks. For fiscal 2012, which ended 31 March, the National Police Agency (NPA) reported 260 cases involving counterfeit brand goods in Japan, leading to 442 arrests. However, officials believe this was just the tip of the iceberg.

Fully 62% of the illegal trade took place online, where shady retailers peddle large volumes of fake handbags, clothes, watches and a host of other products.

"The Internet remains the principal instrument for purchasing fake goods in Japan," notes the EBC Intellectual Property Committee in its "Issues and Recommendations" section of the EBC 2012 White Paper. The web poses challenges for those tasked with monitoring trademark infringement cases.

"We can't just go out and touch and

### Intellectual Property Key advocacy points

→ **Enforcement** – Japan's authorities must implement more systematic enforcement of the Act of Specified Commercial Transactions.

→ **Counterfeit goods** – Japan needs to work more closely with other governments in an effort to shut down Internet vendors handling counterfeit goods.

→ **Trademark Law** – The law should be amended so that it covers personal goods, as counterfeit goods may still be imported if they are deemed to be for personal use.

feel the goods. We can only see them online, or we can purchase dubious-looking goods one at a time," explains committee chairman Laurent Dubois.

The committee's activities centre on those of the Union des Fabricants Tokyo (Unifab Tokyo), part of a French organisation that protects intellectual property (IP) rights worldwide. Unifab

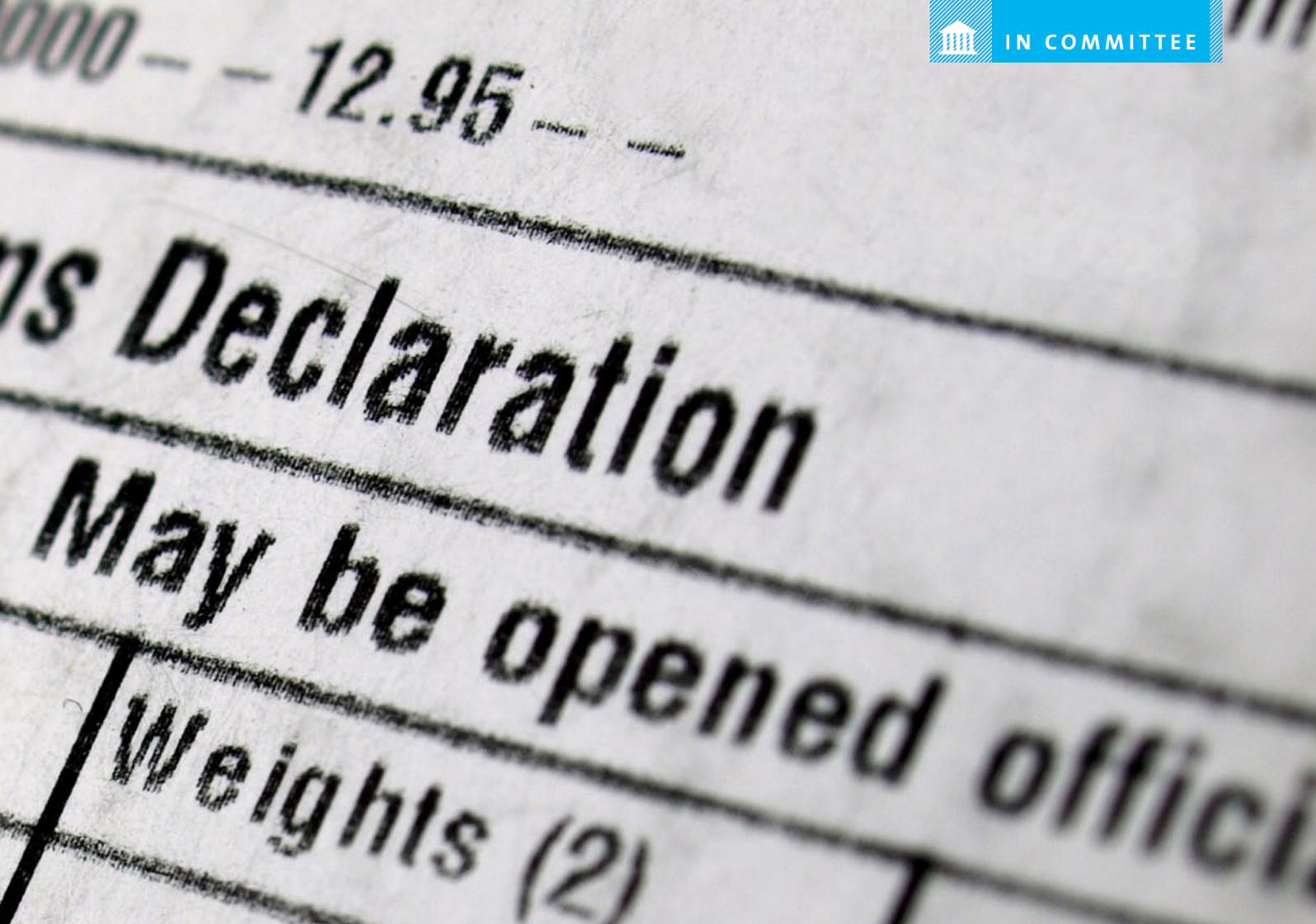
Tokyo employs four full-time monitors. Working on behalf of the trademark holders who are members, they scour the online retail sites in search of fakery.

Dubois says the team is as busy as always. When a fake item is discovered, Unifab Tokyo immediately sends a notice to the site's Internet service provider, demanding that the e-retailer's pages be blocked.

"We have been entrusted by trademark owners to monitor the authenticity of brand goods on their behalf and to arrange for the removal of counterfeits after referring back to the trademark owners," explains Dubois, the Unifab Tokyo representative who also is a partner here at law firm Cotty Vivant Marchisio & Lauzeral.

Yahoo! Japan and other major Japanese e-retailers and e-auction sites have their own monitoring teams. But how can they tell which items are authentic and which are fakes?

"The price is no longer the indicator," Dubois says, adding that the online retailers tend to offer only small discounts from original prices so as not to raise suspicion. "Thus we and



the website involved must rely on our know-how, which is based on our experience and the accumulated information provided by the trademark owners. Sometimes the sellers use photos of the authentic products, but there is usually some hint, such as perhaps the way the item is described in the text.”

Unifab’s member companies include just about every European brand imaginable, with a growing number of United States brands, from T-shirts to handbags and Swiss watches.

“Compared to before, though, a lot of the goods nowadays are casual [rather than luxury], such as sportswear,” Dubois says.

The committee notes that the Japanese government’s recent crackdown targeting fake goods on the Internet is on par with – if not even more vigorous than – that in Europe or the US. However, the Act of Specified Commercial Transactions, under which the authorities can prosecute online counterfeiters, is not being systematically enforced, particularly with regard to mobile sites.

China is another big concern.

According to the NPA, 77.9% of the trademark-infringing goods seized in Japan last fiscal year came from mainland China. The violations show no signs of easing.

The committee and Unifab Tokyo are calling for China to join the Anti-Counterfeiting Trade Agreement, a multinational pact aimed at establishing global standards for IP protection.

The Japanese government has been making overtures to Beijing. In August of last year, the Ministry of Economy, Trade and Industry – along with the Japan External Trade Organization – hosted an IP symposium, inviting major Chinese ISPs and officials of China’s Ministry of Commerce.

Unifab Tokyo has since reported that China’s position on the issue of IP protection has “softened up” a bit.

However, deputy director Noriko Arai of Unifab Tokyo, pointing to the vast scale of China’s counterfeit trade, says: “The Chinese ISPs are quite reluctant to take action against the counterfeiters. There are too many products and too many users involved, and the ISPs don’t know enough about how to distinguish

“GOODS ARE CAUGHT AT CUSTOMS, BUT THAT’S STILL NOT GOOD ENOUGH”

Noriko Arai

counterfeits from the originals. But I don’t think they’re willing anyway, because they earn money by providing ISP services.”

What’s more, criminal action is nearly impossible due to the failure of the local Chinese police to take action.

“The goods are caught [in Japan] at Customs, but that’s still not good enough,” Arai says.

Despite such seemingly insurmountable barriers, the committee reports a degree of progress in Japan’s legal framework, as well as a more robust attitude among government officials here.

More battles lie ahead, at least until Japanese consumers eschew phony products altogether. 

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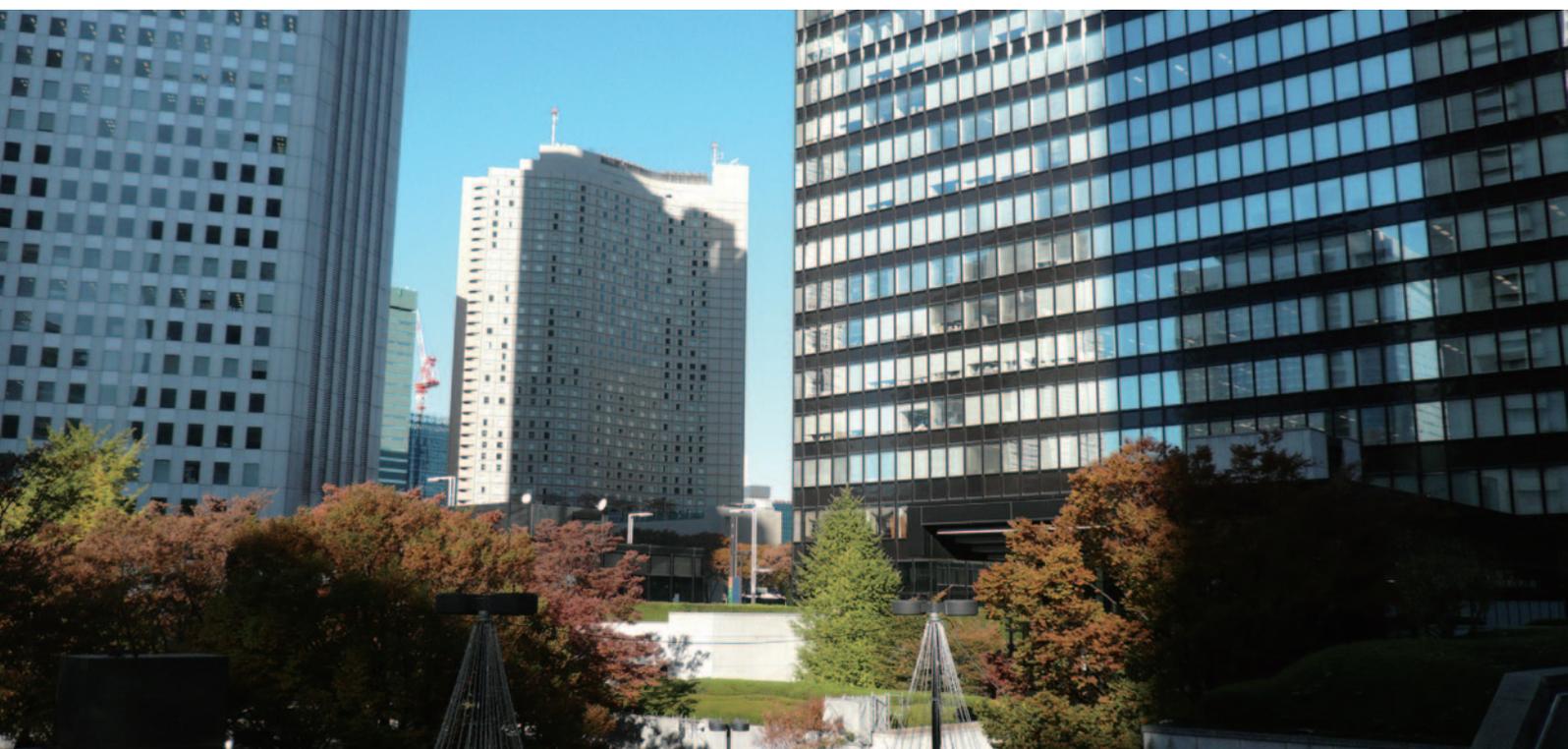
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The European Business Council (EBC) once again is producing the EBC White Paper, its hallmark annual report on the business and investment environment, in English and Japanese, for release in mid-November. This will be the 13th in the series.

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For more information please contact the EBC Secretariat.  
Alison Murray, EBC Executive Director.  
Tel: 03-3263-6222. E-mail: [ebc@gol.com](mailto:ebc@gol.com)

# Upcoming meetings

## → **Animal Health**

28 August, Wednesday, from 15:00, off-site

## → **Asset Management**

26 July, Friday, from 12:00, EBC

## → **Automotive Components**

26 September, Thursday, from 16:00, EBC

## → **Energy**

12 September, Thursday, from 14:00, EBC

## → **Food**

11 September, Wednesday, from 09:00, EBC

## → **Human Resources**

4 September, Wednesday, from 19:00, EBC

## → **Legal Services**

12 September, Thursday, from 18:30, off-site

## → **Logistics and Freight**

10 September, Tuesday, from 17:00, EBC

## → **Materials**

2 September, Monday, from 17:30, EBC

## → **Medical Equipment**

23 July, Tuesday, from 14:00, off-site

## → **Railways**

2 September, Monday, 09:00, EBC

## → **Tax**

27 August, Tuesday, from 17:00, EBC

## → **Telecommunications Carriers and Equipment**

19 September, Thursday, from 10:00, EBC

Compiled by **DAVID UMEDA**

Committee meeting dates are subject to change.  
Please contact the EBC secretariat for confirmation.  
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# Chaos and creativity

Text DAVID C HULME Photo BOOMACHINE STUDIO

“I STARTED IN THE TINIEST, DIRTIEST CLUB ON A **SUNDAY AFTERNOON** WHEN THE PLACE WAS ABSOLUTELY EMPTY”

It was absurd for DJ Boomachine to attempt a 90-minute gig at a Seoul nightclub.

“My calendar had gigantic red crosses all over it. There was the deadline for my economics thesis,

I had final Japanese exams, and I was deeply involved in the movie,” says Marc-Antoine Astier, the man behind the Boomachine mask. “But this was my chance to go to the next level and become an international DJ. It was too good to refuse.” The South Korean appointment was a disaster.

“I was exhausted and I didn’t prepare properly,” Astier admits. In addition, he had built a new, red, glowing, blinking robot-suit for the performance, replacing the blue costume that is the hallmark of Boomachine in Tokyo.

“It was an improved version, but it had never been tested,” he says, admitting another fundamental blunder. “You should not take untried gear to an important gig.” Heat in the suit steamed up the helmet and he had to take it off in order to see. The performance was so bad that it was cut short.

“That was a failure, but I learned from it,” says Astier. There will be more failures, one feels, for this is a young man who aims high and is in a rush to build up an already powerful skill set.

Born in the French territory of Reunion Island in the Indian Ocean, where his parents practiced medicine, Astier recalls a quiet tropical paradise, where the best entertainment a boy could have was by throwing coconuts into flowing lava. Learning piano from the age of six, he exasperated his music teachers by ignoring sheet music and playing by ear. He still tends to learn by doing, a method that applied well to learning English, which he had to do when sent to high school in South Africa.

“My parents worried that I would not become fluent in English otherwise,” says Astier. “I am grateful that they recognised early that English would open up a broader world for me.”

He loved the well-equipped and spacious Cambridge-system school in Pietermaritzburg and ended up choosing to spend all his high school years there. Soon, he discovered house music, a genre of electronic dance music that originated in the mid-1980s in the United States and spread to South Africa in a big way. He became the greatest DJ in his dormitory, to the aggravation of fellow students.

“They pleaded with me to stop,” Astier recalls. With characteristic bullheadedness, though, he persisted until the sound was good enough to be regarded as cool. His first DJing gigs were at student parties. He became an avid fan of French electronic music duo Daft Punk, whose robot helmets inspired his own outfit. The Boomachine name, he says, occurred to him during a mathematics class.

“I am most creative when I am supposed to be thinking analytically,” he says.

Culture and the arts were definitely Astier’s strong suit. He and two other students staged the Tennessee Williams play, *The Glass Menagerie*.

“It was a massive success for the school,” he says. “And it meant that I got honours and eventually became a prefect.”

After high school, Astier spent the best part of 2007 in Argentina, acquiring Spanish as a third language, partly for business purposes. His father, however, was adamant that he become a doctor.

“I hated the idea,” he says. After some intense disputes, Astier senior delivered the ultimatum: You may attend university anywhere in the world as long as you study law or medicine. Astier spied a loophole and enrolled in an international law course offered by International Christian University in Tokyo.

“Of course, that’s not the same as law, but the distinction got lost in translation,” he says. In any case, he found the subject impractical and in the second

term switched to economics.

“I am comfortable with business,” he explains. “It’s money and business that changes the world.” The hardest part, however, was learning Japanese.

“That was a culture shock. I seriously underestimated how hard it would be,” he says. “English came naturally, through talking to people, and it was the same with Spanish. Learning Japanese takes discipline and organisation, which are the two biggest things I lack.”

Besides, during those years Astier lived two lives, studying by day and diving into nightclub work as a photographer or DJ.

“I started in the tiniest, dirtiest club on Sunday afternoon when the place was absolutely empty. Then bigger, better clubs, better time slots; the dance floor instead of the lounge,” he says. “You gradually win respect. What is amazing about Tokyo is that no matter what you want to do, you can find a place to start learning from scratch.”

Then came the collaboration with EU Delegation economist Rene Duignan on the film *Saving 10,000: Winning a War on Suicide in Japan*. Learning on the run, Astier handled the lighting, sound and video for a total of 96 interviews by Duignan. The monumental effort has been rewarded by a number of awards.

Astier did manage, “barely”, he says, to obtain his economics diploma, then immediately enrolled in a four-year sound engineering course at technology and design college HAL Tokyo.

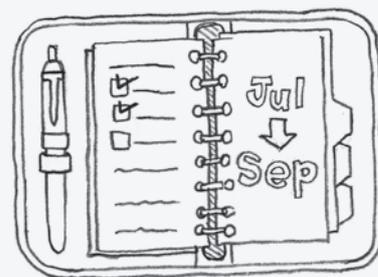
“This is part of my master plan for Boomachine. To produce [this genre of] music involves music theory, song structure, recording techniques, mastering and knowing the ins and outs of digital audio workstation software,” Astier explains.

Prominent DJs are now urging him to get on with the job of releasing some music of his own.

“From mixing to producing is a massive leap,” he says. “I am getting close.”



# Upcoming events



► **Belgian-Luxembourg Chamber of Commerce in Japan**  
[www.blccj.or.jp](http://www.blccj.or.jp)

## Monthly Belgian Beer Gathering

16 July, Tuesday; 19 August, Monday, 19:00-23:00

**Venue:** a Belgian beer café in Tokyo

**Fee:** Pay for what you drink

**Contact:** [info@blccj.or.jp](mailto:info@blccj.or.jp)

## Summer Party

31 August, Saturday, early afternoon until closing time

**Venue:** Hilton Tokyo Bay, Maihama, garden pool area

**Fee:** to be confirmed

**Contact:** [info@blccj.or.jp](mailto:info@blccj.or.jp)

## Belgian shop @ Belgian Beer Weekend Tokyo

6-16 September, first Friday to third Monday, 11:00-22:00

**Venue:** Roppongi Hills Arena, Roppongi

**Fee:** Pay for what you drink and shop

**Contact:** [info@blccj.or.jp](mailto:info@blccj.or.jp)

► **British Chamber of Commerce in Japan**  
[www.bccjapan.com](http://www.bccjapan.com)

## Networking: 400 Night – to celebrate the 400th anniversary of diplomatic, trading and cultural relations between Britain and Japan

18 July, Thursday, 19:00-21:00

**Venue:** Conrad Tokyo, Annex 1F, Hamarikyu Ballroom

**Fee:** ¥5,500 (members), ¥7,500 (non-members)

**Contact:** [info@bccjapan.com](mailto:info@bccjapan.com)

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

## FCCJ Yakatabune Cruise Finnair AY4159 - Honka HJ4169

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

**Embarkation:** Funayado Miuraya, Asakusabashi, Taito ward

**Fee:** ¥8,000 (members), ¥10,000 (non-members)

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

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

## Third Thursday Networking Event

Date: 18 July, Thursday, 19:00-21:00

**Venue:** to be confirmed

**Contact:** [secretariat@ijcc.jp](mailto:secretariat@ijcc.jp)

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

## Summer Dinner: “La Cena della Camera/Estate”

11 July, Thursday, 19:00-22:30

**Venue:** Il Buttero, Hiroo station

**Fee:** ¥8,000 (members), ¥10,000 (non-members)

**Contact:** [iccj@iccj.or.jp](mailto:iccj@iccj.or.jp)

► **Netherlands Chamber of Commerce in Japan**  
[www.nccj.jp](http://www.nccj.jp)

## Aperitif – Welcome Back Drinks

26 September, Thursday, 19:30-21:30 (doors open 19:00)

**Venue:** Restaurant bar Amusement, Shibuya

**Fee:** ¥4,000 (members), ¥5,000 (non-members)

**Contact:** [nccj@nccj.jp](mailto:nccj@nccj.jp)

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

## SCCIJ-ABC-GCCIJ Joint Luncheon\*

### “People & Culture – the Hilti Way”

10 July, Wednesday, 12:00-14:00

**Speaker:** Prof. Dr Pius Baschera, Chairman of the Board, Hilti Corporation, Switzerland

**Fee:** ¥8,000 (members and non-members)

**Contact:** [info@sccij.jp](mailto:info@sccij.jp)

\* Swiss Chamber of Commerce and Industry in Japan, Austrian Business Council, German Chamber of Commerce and Industry in Japan

## JULY

S	M	T	W	T	F	S
	1	2	3	4	5	6
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28	29	30	31			

## AUGUST

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25	26	27	28	29	30	31

## SEPTEMBER

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## Bugle blows for retail M&A charge

Mergers and acquisitions (M&As) have always been a key strategy within the distribution industry, but Japan's business culture used to mean that M&As were a tool of last resort, brought out mostly when a company got into severe trouble.

Today this is no longer the case. More and more companies are now using M&As strategically. The leading distribution companies, in particular, have built critical mass this way and are now looking for more.

This means greater concentration of market share. The top retailers and the integrated distribution groups, meaning the *sogo shosha*, have built massive empires that now dwarf independent operators, and are using this power to buy more share in their core formats, as well as move into new areas. This heralds the start of a new round of M&As in the retail industry.

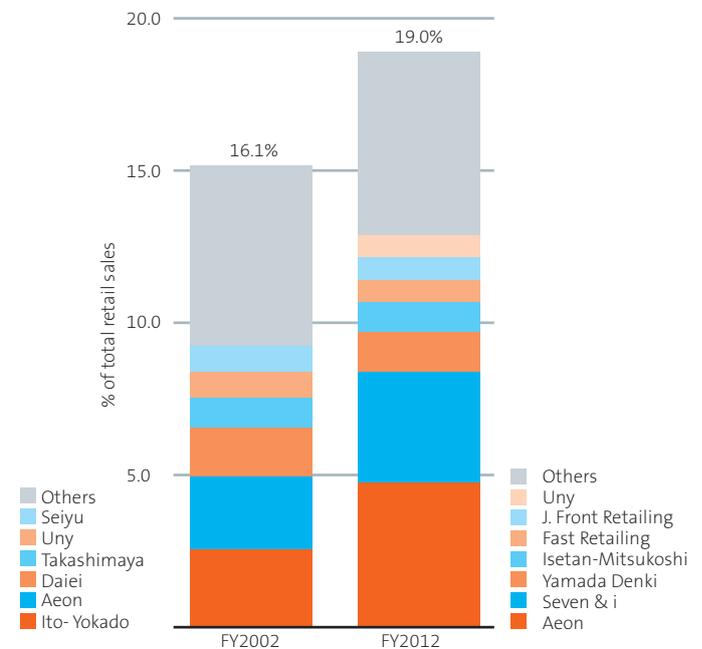
Symptomatic of this new trend is Aeon's recent announcement that it was finally taking over Daiei, believed to be its largest acquisition to date, taking group sales to more than ¥6.5 trillion. This is a full ¥2.6 trillion more than closest rival Seven & i Holdings (Ito-Yokado, Seven-Eleven).

The number of retailers breaking ¥1 trillion in sales is expected to have been the highest ever in fiscal year 2012, with J. Front Retailing (Matsuzakaya, Daimaru) and Fast Retailing (Uniqlo) taking the club to seven members – but the gap between the top seven and the rest is widening at an increasing pace.

Back in 2002, the leading 20 retailers had a total share of retail sales of just 15.1% (see chart). This has since expanded to 19%, with most of the increase happening at the very top. The leading seven retailers in 2002 had a share of 10%, but this grew to 13% last year. Aeon alone now has a market share of 4.7%, and together Aeon and Seven & i control an unprecedented 8.3%.

The companies that have grown fastest over the past 10 years have done so in large part through M&As, and will now stretch their lead through further purchases – while their nearest rivals will try to catch up by also going on the acquisition trail.

**Market share of top 20 retailers**



NOTES: FY2002: ITO-YOKADO NOW SEVEN & I; SEIYU NOW WALMART; FY2012: AEON INCLUDES DAIEI; YAMADA DENKI INCLUDES BEST DENKI.  
SOURCE: COMPANY REPORTS; METI; JAPANCONSUMING

With a shrinking population, more competition and saturation in many sectors, the easiest way to register growth will be to buy it. As a result, M&As will become the single most important corporate strategy in consumer distribution over the next five to 10 years. ☺



**ROY LARKE**

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# Celebration



Text **DAVID UMEDA**

The start of 400 years of diplomatic, trading and cultural relations between Britain and Japan was as articulate as it was firm.

“Though separated by ten thousand leagues of clouds and waves, our territories are as it were close to each other,” wrote ruler Tokukawa Ieyasu in his acceptance letter responding to an invitation by King James I to establish relations, back in October 1613.

British Ambassador to Japan, Tim Hitchens, shares his insights in regard to how Japan is unique in Britain’s globalisation strategies. “When I’m advising British companies about their approach to the Japanese market, I always emphasise the value of a long-term perspective – loyalty will be repaid with loyalty,” says the ambassador. “Unilever provides the perfect illustration. There can’t be a household in Japan now that does not have a Unilever product in their kitchen or bathroom.”

The approach begins early for British expat families living here. “Still the third-largest global economy, Japan has always valued high quality,” points out Brian Christian, principal of The British School in Tokyo (BST), “as we have seen in the recent upsurge in interest in British education.”

Lori Henderson, executive director

of the British Chamber of Commerce in Japan, was awarded an MBE in The Queen’s 2013 New Years Honours List for services to post-earthquake reconstruction and to the British business community in Japan.

At BST, the future of CSR is in good hands. “We are justifiably proud of our academic performance, but at The British School in Tokyo, education means much more than the pursuit of top grades,” says the principal. “Sport and the arts are central to what we offer here, and we are acutely aware of our obligation to equip young people to make their way in the world as confident, caring and responsible global citizens.”

While there may be much talk about the expansion of trade in the region, Ambassador Hitchens puts it in the context of Japan. “At a time when Japan is trying to position itself as a base for Asian headquarters, it’s fascinating to know that Unilever’s first factory – 100 years old this year and still in production in Kobe – was seen as their bridgehead for entering the Chinese market too.”

It was back in 1870 that Schroders financed Japan’s first railway with a bond issue back in London, according to Guy Henriques, president and representative director, Schroder Investment Management (Japan). “Some 143 years later, we are still

proudly investing in Japan’s future.”

So what sets Japan apart to an international law firm? “The strength and sophistication of the country’s financial institutions, and manufacturing and trading companies,” says James Lawden, office managing partner of Freshfields Bruckhaus Deringer, “and the global reach of their activities.”

According to Anne Konishi, CEO, Canning Professional KK, “Japan retains the same mystique of 400 years ago. The Canning Group knows that we must respect and adapt to this culture to succeed as a global training and development specialist.”

The deVere Group is the world’s largest independent international financial consultancy, and the country holds a special place in their globalisation strategies. “Japan is a very important market for us, given it is the second-largest economy among the developed countries in the world,” explains Trevor Webster ACSI, area manager for deVere Group Tokyo. According to a recent survey from Wealthinsight, Tokyo has more millionaires than any other city, he points out. “Having nearly 500,000 people with net assets of more than \$1 million, Japan has to be a market that a wealth management company takes very seriously.” 

*The following companies join in celebrating 400 years of Britain-Japan trade, culture and diplomatic relations*



Freshfields Bruckhaus Deringer



Schroders



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# Gordon Hatton

*Design and build*

Text **DAVID C HULME**  
Photo **BENJAMIN PARKS**

The smoke of a suburban Tokyo *yaki-imo* truck takes Gordon Hatton back to his birthplace in Regina, Saskatchewan, Canada, where temperatures routinely plunge to -30°C on a winter's night.

"The shack beside the outdoor hockey rink, where we could change

into our skates, had the same type of wood-burning heaters that the *yaki-imo* trucks use in Japan," he explains. Saskatchewan, he adds, is one of the flattest, coldest areas of Canada, so that he never played ice hockey on an indoor rink until he was out of his teens.

Hatton's father and grandfather, a piano teacher, ran a successful music store, and he worked part-time in the

record department there throughout high school.

"I spent a lot of time studying Billboard magazine trying to determine which new bands would be the next big seller," he says.

His first contact with Japan came through monthly shipments of musical instruments from that country. He regrets not having developed more skill



with the trumpet or piano. Already, however, he had a strong interest in architecture, carpentry and building.

"When I was about seven, my father was on a church building committee and he brought home some of the plans," he recalls. "For years after that I spent my spare time drawing church plans, with the dream of building a church for my [maternal] grandfather, who was an Anglican minister." Hatton's first building project came during a summer break from university, when he built an addition of his own design to the family home.

"It must have been a real leap of faith for my parents to allow me to take the roof off half the house during thunderstorm season," he says.

Having obtained a bachelor's degree in environmental studies, and a master's in architecture at the University of Manitoba, Hatton then worked for five years at an architecture firm in Toronto. Five years later, re-acquaintance with University of Manitoba alumni from Japanese construction giant Shimizu led to an opportunity to work in Tokyo.

"It was at the peak of the [economic] bubble, and Japan was a fantastic place to be a young architect," recalls Hatton, now vice-president at Pembroke Real Estate Japan.

"Compared to the cost of land, the cost of a building was almost irrelevant, and the cost of architectural work even more so, and architects could stretch their imaginations."

At Shimizu, where he worked in the design department, he met his wife, who is also an architect. What was intended to be a one-year stint turned into the rest of Hatton's life so far, except for a brief return to Canada in 1991 and, later, a series of intensive study trips to Boston over an 18-month period on an advanced management development programme in real estate at Harvard University's Graduate School of Design.

Following the experiment with returning to Canada, Hatton joined another Japanese construction major, Takenaka, where he spent about eight years. Now a first-class licenced architect in Japan, he says his Japanese-language ability has developed on the job and, while still rough around the edges, is adequate for on-site meetings.

"The construction industry is very

domestic, so Japanese is necessary," he says. As the bubble economy transitioned into the lost decade, opportunities appeared in the construction industry for Western-style project management and cost control. This eventually prompted Hatton to move to Bovis Lend Lease, where he managed their construction management business for 10 years.

Canadians play ice hockey, and Hatton is still Canadian. Throughout his thirties, he played in a "full contact, fairly rough" amateur league, switching to a seniors league after reaching 45.

"It's a mixture of former Japanese pros, people who have played their whole lives, and others who took up the sport later in life for fun," he says. The team trains hard, beginning weekly sessions at 9pm each Saturday, and is getting results.

"We got to the national championships these past two years, and were runners-up this spring," Hatton says. On and off the ice, he is known for the occasional display of aggression.

"I become very vocal if there is something about which I am passionate. At other times I don't say much," he says.

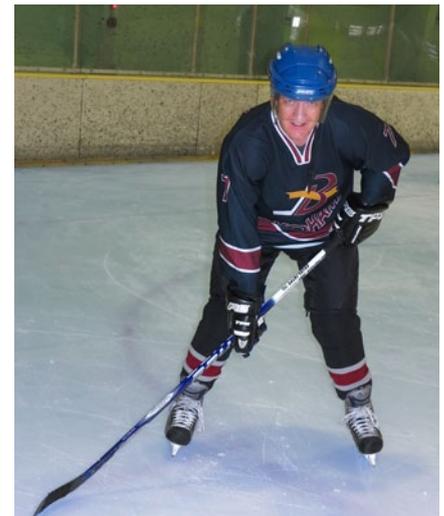
He serves as co-chair of the Architecture, Construction and Real Estate Committee of the American Chamber of Commerce in Japan, is a member of the Urban Land Institute Japan Council, and has chaired the EBC Construction Committee.

Though not given to introspection, Hatton nonetheless ponders what might have been had he pursued the dream of building up his own little design office in Canada.

"If you set a goal and single-mindedly pursue it, you may achieve that but miss out on something better," he observes. "It is better to be flexible. Once you think you have developed a level of competence, it is more interesting to try something that takes you outside your comfort zone."

There is plenty besides hockey to keep Hatton busy on weekends. He is a spectator at his daughter's high school sporting events. He and his wife attend a neighbourhood church. The family dog, a shiba/beagle mix from the Tokyo ARK animal shelter, needs long walks.

"I sometimes take him to visit our construction site offices and introduce



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

**Title:** Vice-President, Pembroke Real Estate Japan

**Time in Japan:** 22 years

**Career highlight:** "Stickhandling the complexity of my current project."

**Career regret:** "That someday it will end"

**Favourite saying:** "Skate hard and keep your head up in the corners"

**Cannot live without:** "Being part of the creative process. I don't really draw a line between my personal and professional life"

**Lesson learned in Japan:** "Teamwork; identify and draw upon everyone's unique abilities and aspirations"

**Secret of success in business:** "Go beyond what's expected"

**Do you like natto?:** "I have an arm's-length relationship with natto – from feeding my son when he was little"

him as my quality-control enforcement officer," Hatton jokes.

Amid the high-profile projects on which he has collaborated, Hatton recalls with particular fondness working, early in his career, with a team of Japanese carpenters while they built a large *ryokan* inn that he had designed.

"Working as a regular salaryman inside a major *zenecon* [general contractor] was instructive concerning both modern and traditional Japanese architecture, and gave me an opportunity to experience how the Japanese construction industry really works," he says.

For the future, Hatton sees his role as making a qualitative contribution to the development of Tokyo.

"In this field, Tokyo is the most exciting city in the world," he says. **e**

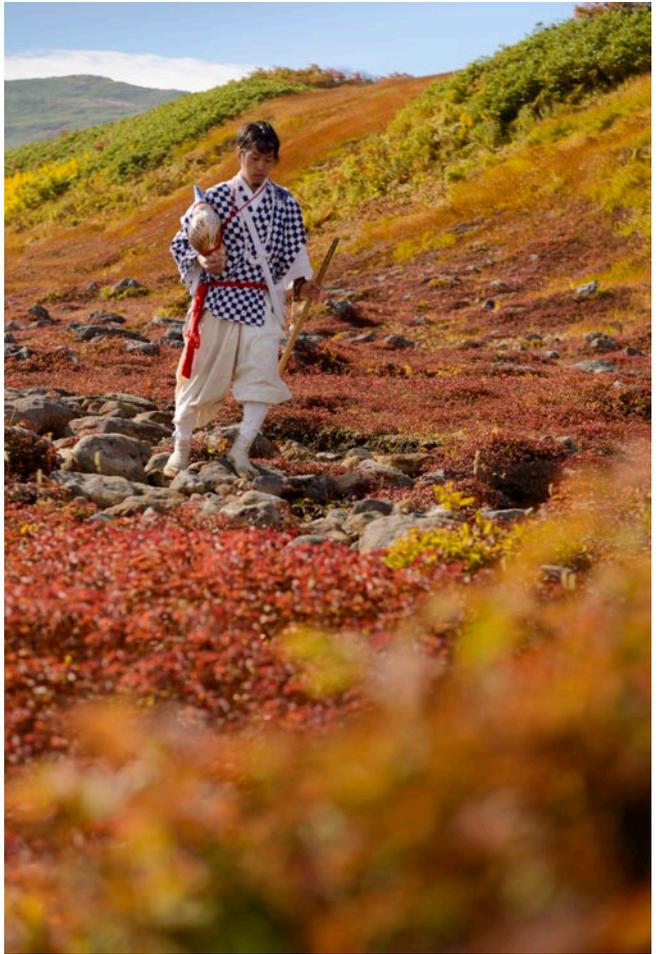


# An ancient creed

Photos and text **TONY MCNICOL**

“Yamabushi” literally means “one who lies low in the mountains”. It is the name given to Japan’s mountain ascetics, adherents of the Shugendo religion. In Yamagata prefecture there are three peaks sacred to the Yamabushi: Mt

Gassan, Mt Yudono and Mt Haguro. For centuries upon centuries the Yamabushi have tramped the ancient paths there, sounding the conch shells that symbolise their creed so that their mournful notes echo over the sacred slopes. ©





# Luc Gellens

*President, Umicore Japan*

Umicore is a world leader in high-tech metal-based materials. In Japan, the Belgian company produces chemicals from precious metals for the electronics and chemical sectors. The Kobe plant provides chemicals for lithium ion batteries. A specialised workshop (picture) for precious metals parts in the glass industry opened in Yokohama two years ago.

“Despite moves by the manufacturing industry to other Asian countries, there still are many niches where Japan is a world leader,” says Luc Gellens, president of Umicore Japan. “My role is to make sure that Umicore’s unique combination of materials and technology finds its way to Japanese industry. When I arrived in Japan three years ago, Umicore had 125 employees; by the end of this year there will be 200.”



Photo **BENJAMIN PARKS**



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