

# eUPBiZ JAPAN



**Life science Kansai -**  
European and Japanese  
biotech players build new  
collaborative platform

**Elusive organics -**  
Why Japanese consumers  
have so little choice

**Ambassadors du vin -**  
Sommelier competition  
promotes wine in Japan

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**Dr Lars Vargö**  
Ambassador of Sweden, Tokyo

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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

**Alena Eckelmann** explores the high-intensity world of life science R&D, page 8



Alena underwent business training in Tokyo on the EU Executive Training Programme (ETP) and then began writing about business and people in Japan. A business and

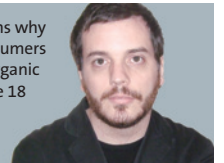
market researcher by profession, she enjoys observation and investigation. Her articles appear in magazines and websites in Japan and Europe.

"Faced with an intellectual property 'cliff' as patents on blockbuster drugs expire, Japan's large pharmaceuticals have a choice between committing to expensive and costly in-house R&D or outsourcing to international biotech companies that have already developed relevant solutions. Here is a great chance for innovative European SMEs to get a foot in the door of the Japanese market."

Rob Goss writes on topics ranging from travel and culture to business and sustainability. His work appears in magazines such as *Time*, *National Geographic Traveler* and many other publications around the globe. He also has authored several Japan-related guidebooks for Tuttle Publishing and Insight Guides.

"With many stories, research throws up a fair amount of contradictory data. This story was an exception. Whether it was market comparisons or data on pesticide usage and land under organic cultivation, every stat

**Rob Goss** learns why Japanese consumers miss out on organic products, page 18



that came up hammered home the point made by Duco Delgorte at the beginning of the article – Japan is seriously lagging on organics."

**Gavin Blair** discovers how a headhunter is faring in Japan's skill-short job market, page 28



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.

"While not everyone is convinced of the sustainability of Abenomics, the feel-good factor appears to be back after a long hiatus. Hays Specialist Recruitment Japan's Jonathan Sampson has been an unapologetic flag-waver for Japan since he arrived in Tokyo less than two years ago, and recent events have done nothing to dampen his enthusiasm."

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# The only constant is change

There is a growing sense of optimism that Japan can not only find a core role in the dynamics of Asia-Pacific economic development, but in doing so will also generate opportunities for its trade and business partners on many levels. There seems to be also keen eagerness among Japanese government and business officials, academics and the general public for the kind of change this nation must make in order to fully participate in our shrinking and increasingly integrated world.


To illustrate, Alena Eckelmann (Life science Kansai, page 8) discovers burgeoning cooperation between Japanese and international pharmaceutical companies. There are several reasons, or imperatives, facing the Japanese players. They have to compete globally or perish, and they have to draw on global expertise to best serve an ageing and highly demanding domestic customer

base. To do this, they must be able to readily access global intellectual property resources.

The average Japanese is not very particular, so far, when it comes to organic foods, finds Rob Goss (Elusive organics, page 18). In terms of awareness, presence on store shelves and land area under organic farming, Japan is far behind Europe. However, the wider the gap, the greater the opportunity. After all, Japanese consumers have a way of discovering what is best for them.

Japan does change, and can do so in dramatic fashion. We are fortunate in this issue to have the perspective of Dr Lars Vargö, Swedish Ambassador to Tokyo (Representing Sweden, page 12), who has seen change aplenty in his five stints in Japan, including four in the diplomatic service. The ambassador's personal observations cover some four decades, and are backed by

a deep scholarly appreciation of Japan's language, culture and history. Readers may benefit not only from his interview in these pages, but also from sampling his many published works, which can be accessed via the embassy's home page.

In government, diplomatic and business circles, countless individuals have made invaluable contributions to relations between Japan and the nations of Europe. The same can be said of characters we find in our Culture Shock section. This month, Alena Eckelmann tells the extraordinary story (World of washi, page 32) of Dutchman Rogier Uitenboogaart and his dedication to a craft worth keeping even in a world of rapid and relentless change. 



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# Life science Kansai

*European and Japanese  
biotech players build  
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platform*

Text **ALENA ECKELMANN**

Japan and Europe share a long list of challenges, including a rapidly ageing population and declining birthrates, and increasing incidences of lifestyle illnesses, cancer and mental disorders.

A growing number of life science disciplines and related interdisciplinary services are developing in answer to the need for innovative and effective solutions. These disciplines can be grouped under the biotechnology umbrella and divided into red biotech (healthcare), green biotech (agriculture), white biotech (industry) and blue biotech

(marine), as well as medical technology (medtech).

The Kansai Bureau of Economy, Trade and Industry (METI-Kansai) estimates Japan's biotech industry to be worth the equivalent of \$19 billion, or €14.5 billion.

The Kansai area is Japan's top life science region. The Osaka, Kyoto and Kobe bioclusters include over 150 universities and research institutes conducting advanced research and over 300 companies engaged in life science businesses. Many of them are small and medium-sized enterprises (SMEs)

operating in Kansai's two life science parks: Kobe Medical Industry City on Kobe's Port Island and Saito Life Science Park in northern Osaka.

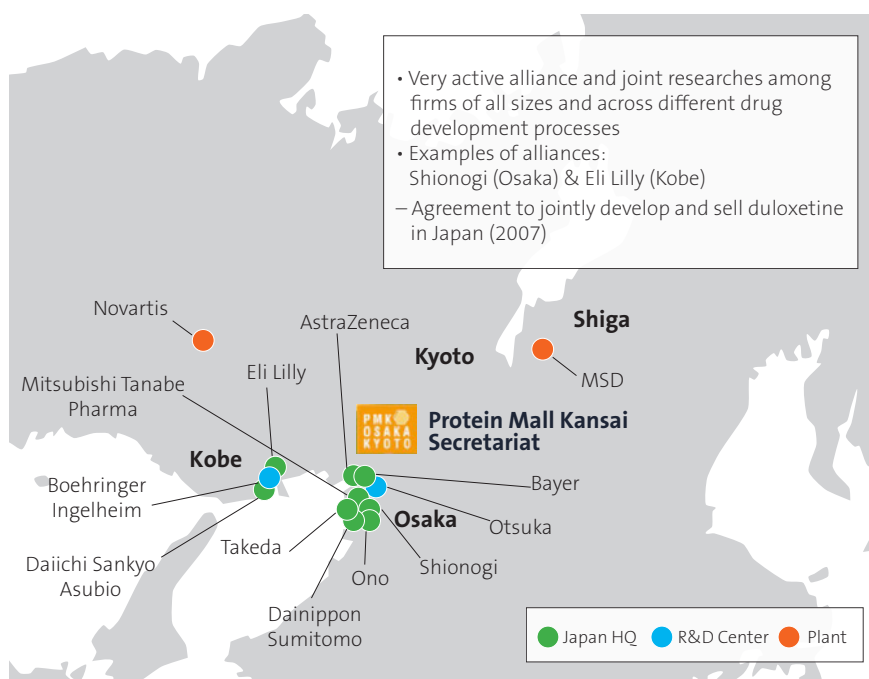
Osaka University and Kyoto University, and their related hospitals, are internationally renowned as centres of research in the life sciences. Five of the world's 10 leading immunologists are based at these universities.

Kansai is the home base of Japan's large pharmaceutical enterprises, and several foreign pharmas have their Japan headquarters there.



“ WE SEEK TO ESTABLISH ACTIVITIES THAT ARE **CLUSTER-SPECIFIC**, RELATED TO OUR STRONGHOLDS ”

Gregory Rall



One is Bayer Yakuhin, established in 1973 in Osaka. As part of the Bayer Group in Japan, which has a strong presence in Tokyo and Osaka, Bayer Yakuhin is engaged in the development, import, production and sales of pharmaceuticals, medical devices and animal health products in Japan. It employs approximately 2,700 staff and registered sales of ¥170.789 billion in 2012.

“The new drug pricing system implemented in 2010 is beneficial both to the research-driven pharmaceutical

industry as well as to patients and the medical community – as it rewards innovation and encourages investment in R&D. Japan is a market with high potential for innovation-driven growth as the country’s ageing population presents new medical challenges and increasing medical needs,” says Dr Carsten Brunn, president of Bayer Yakuhin.

While Osaka has life science strongholds in the fields of oncology and infectious diseases, Kobe’s Port Island has developed into a leading global R&D life science centre over the last

decade, known as the Kobe Biomedical Innovation Cluster (KBIC), headed by the Foundation for Biomedical Research and Innovation (FBRI).

State-of-the-art research centres set up in close proximity to each other include the Institute of Biomedical Research and Innovation (IBRI), the Translational Research Informatics Center (TRI) and the renowned RIKEN Center for Developmental Biology (CDB).

German Gregory Rall, international relations manager at FBRI, is engaged in international exchanges to foster



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“THE NEW DRUG PRICING SYSTEM  
... REWARDS INNOVATION AND  
ENCOURAGES INVESTMENT IN R&D”

Carsten Brunn

collaborative research and, ultimately, product commercialisation, between universities, research institutions and private companies in Kobe-Kansai and their counterparts in Europe, the United States and Asia.

Rall's focus is on leading life science clusters around the world, and he has already established successful collaborations between KBIC and Medicon Valley (Denmark and Sweden) in the field of diabetes; Lifescience Corridor France (Lyon, Strasbourg and Toulouse); and FlandersBio in Belgium.

The Medicon Valley Alliance (MVA) is engaged in Kansai on many levels ranging from simple queries about regulatory or pricing issues, to delegation visits on topics like iPS (induced pluripotent stem cell) technology and technology searches, to in-licensing and out-licensing deals.

“The motivation for, and interest in, doing business in Japan has been increasing. Previously it was mainly large and medium-sized companies, but now many smaller companies with unique technologies are looking at Japan,” says Kobe-based Swede Thomas Jonsson, MVA ambassador to Japan and South Korea since 2008.

In Jonsson's experience, Medicon Valley companies that seek business opportunities in Japan are getting involved more directly now than they were several years ago. They want to get closer to Japanese users of their products, so they carefully study the Japanese market and adapt to it, or even develop Japan-specific products and services.

“I have not visited a single company or researcher in Medicon Valley not interested in Japan. Sometimes the timing might be wrong or there might

be a lack of resources, but more often than not I receive an assignment – ranging from small fact-finding tasks to searching for a potential partner in Japan,” Jonsson states.

Koen De Witte, director at FlandersBio, sees a strong interest in Japan amongst Flemish biotech companies, but the big hurdle is access to the market.

“The life science scene in Japan is extremely well networked, and there are very close links between universities and biotech and pharma players. European businesses need to understand who knows who, and who is influencing who in order to get into this network. This cannot be done from Europe, but only by being on the ground in Japan,” De Witte emphasises.

Belgium-based De Witte is also managing director of reMYND, a company that uses mice for in-vitro testing of Alzheimer's disease treatments. De Witte has been coming to Kansai to sound out business opportunities for five years now, and he has seen the Japanese becoming more open.

“They realise that in the biotech and pharma business, where you have a global market, it is important to open up. Domestically, there are very close links between universities, biotech and pharma, but the best service nowadays can often be had internationally,” De Witte says.

He estimates that 20-30% of reMYND's income in the future will come from business with Japan.

Hidehiko Takaki, director of the Biotechnology and Medical Device Technology Promotion Division of METI-Kansai, notes that the government promotes foreign investment in biotech areas in Japan through a variety of

incentives to research institutions, universities and bio-venture companies. The benefits include tax breaks, access to patents, funding, subsidies and incubator facilities for SMEs.

Kansai iPS cell research and regenerative medicine is already ranked number one in the world. Surgical transplantation of retinal cells using iPS technology is being conducted at IBRI in a clinical trial for the first time in the world. METI-Kansai strongly promotes related projects. Its request for policy measures to promote iPS cell cultivation has been sent to the Japanese Diet.

“There is a huge need for companies that engage in activities supporting the cultivation of iPS cells. Those that do so in Kansai will reap the benefits,” Takaki states.

Kobe, besides being a stronghold for regenerative medicine, is also becoming a hub for the manufacturing of medical equipment and devices. Currently, there is a focus on developing diagnostic machines similar to existing ‘portable ultrasound’ devices from GE and Toshiba, but much smaller and more convenient for doctors to use, providing better service to more patients.

“International collaboration has to go beyond just exchanging MoUs [memoranda of understanding]. We seek to establish activities that are cluster-specific, related to our strongholds, and that strengthen the services and business flows along the biotech value chain,” says Rall of FBRI. “This includes the development of new R&D seeds, advanced clinical trials, and utilising labs for contract manufacturing, as well as nurturing start-up companies that have the potential to transfer knowledge and technology, and put it onto the market as soon as possible.” 



# Representing Sweden

*David C Hulme talks to Dr Lars Vargö, Ambassador of Sweden, Tokyo*

Photo **BENJAMIN PARKS**

Dr Lars Vargö, Ambassador of Sweden, Tokyo since 2011, previously represented Sweden in Seoul, South Korea, for five years from 2006. He is known as a scholar, haiku poet and painter with a deep understanding of Japan and its culture, language, history and its place in Asia. His many published works range from collections of his own poems to socio-economic and philosophical analyses.

## **How did you develop such a strong connection to Japan?**

During high school in Stockholm, when I needed some time to myself, I would occasionally skip a few classes and visit the Museum of Far Eastern Antiquities. I saw a wonderful collection of paintings, calligraphy and other artifacts from East Asia, and that triggered my interest in China. Sinology was my second subject at university.

After three years at university, in 1972 I applied for a Monbusho Scholarship, took my last study loan to finance a

visit to Japan and came here by the Trans-Siberian Railway. In Japan, I received two letters. One told me that I had received the scholarship. The other informed me that I had been drafted for military service. I told the authorities that this scholarship was a rare opportunity, and so they should let me do military service later. They said I had to present myself. I went to the regiment prepared to argue again, and the first thing they said was: "We just wanted to tell you that you can go to Japan."

I studied in Kyoto for three years, then returned to Sweden, lectured in Oriental languages, and started work on my doctoral thesis. In 1978, I got a job at the embassy here in Tokyo as an interpreter/translator. Two years after that, I applied for the diplomatic service. Another two years later I went back to Sweden for diplomatic training.

## **In your long experience with Japan, what changes in the country stand out?**

There has been a remarkable change in the environment. When I first came

to Kyoto, the air was dirty, people were throwing rubbish away in the street, and I was amazed to see drunken men peeing in the street.

Also, in Kyoto, drivers had the habit of honking their horns at every intersection. I found the constant noise very irritating. There is no longer noise like that in Japanese cities. The air is very clean. It has become a very clean country. The standard of public spaces was below that of Europe and is now way above it.

Just to pick one example, public toilets were terrible in the early '70s. Now they are amazingly clean, and very convenient. It is not that way in Sweden. This is remarkable.

### **What else have you noticed in terms of social change?**

Little by little the status of women has changed. Women are accepted more on the labour market. Still, there are things that I, as a Swede, would like to change.

Techniques and technologies for solving pollution problems have become highly advanced.

Wastefulness in the management of companies has improved, by necessity. Production is leaner. Productivity is remarkable in some cases. Also, the ever-expanding transport system is increasingly efficient.

When I was here in 1978, delegation after delegation came from Sweden to study Japan, because it seemed that Japan had answers for everything.

Now it is the other way around. There is a feeling in Japan that they need to study the world again, to find solutions the way they did before.

### **How have relations between Sweden and Japan evolved?**

Sweden has always had a good image in Japan. We could have done more with it. We thought in the late '70s and '80s that trade, cultural exchanges and tourism would really take off. It seems that distance is something of an impediment. Still, relations are good and business relations are very good. The Swedish companies here have few complaints and are doing quite well. And now there is renewed hope among small and medium-sized enterprises that Japan could be a market to explore and even use to test some of their ideas and products.

### **Has the announcement of EU-Japan free trade agreement (FTA) negotiations made a difference?**

We have more enquiries. There are no concrete results yet, but they will come. It is a very positive development. The FTA with South Korea has had an effect, and I expect something similar for Japan. Sweden, by the way, has really pushed hard in the EU for FTA negotiations.

### **How do you regard the future of relations between Sweden and Japan?**

We have few if any problems. We would expect people in Sweden to have increasing interest in Japan. We will work for things to happen. It is easier to argue for relations with Japan now. I expect steady growth. The Swedish image makes that possible. The only real impediment is our own view of Japan. If we can change that, there is nothing to prevent progress. In June, we will take a roadshow to Sweden. Much of the embassy's task is to alert people at home about what is possible. We try to attract more attention to Japan.

### **How is the embassy affected by the activities of the Delegation of the European Union to Japan?**

Very much. Our daily work is affected by cooperation between the EU embassies and the trade-related issues conducted by the EU Delegation.

There are meetings on all levels, covering all issues, in parallel with our bilateral work. It is a big change.

We have an excellent EU Delegation, with good people and good resources, and we benefit from what they do. The Delegation will continue to grow in importance.

### **Do you find it easy to follow or anticipate politics here?**

Follow? No. Anticipate? Yes.

The story has been the same since the 1970s, with a somewhat depressing pattern of more infighting than efficient decision-making. When changes occur, they are easy to anticipate. But when it comes to following politics, there is more backroom dealing here than in some other countries, and that makes the process less transparent.

### **What are the important trade and investment trends?**

We can see that foreign investment is really welcomed.

Also, Japanese companies have plenty of resources. They will continue to make investments abroad, and will be more active in mergers and acquisitions. Hopefully, they will also be more open to joint ventures and to acquisition by foreign companies. The trend goes both ways.

As for trade, it is important to look not only at bilateral trade figures. These days, products move back and forth across various borders before you have a finished product. Many Swedish companies are multinationals that behave in that way.

### **Security seems quite relaxed here. Could you comment on the security issue?**

It is really dangerous to assume that any country is safe for a diplomatic mission. We don't have a heavy security presence or large barriers blocking entry to the site, but inside the building is secure.

The ideal is to have an open atmosphere, so people can feel welcomed when we have exhibitions and events. It would be an illusion to think we are ignoring security. We have it, but in a friendly way.


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There is also cooperation with other EU and Nordic embassies. Within the EU, if you can't get to your own embassy, you can go to any other EU embassy and expect help. 



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Dear Ambassador Lars Vargö,

The strong ties between Sweden and Japan were established long before both countries raised their legations to the status of embassies 56 years ago in 1957. As we move closer to an EPA/FTA between the EU and Japan, may the economic relationship and cultural exchange between Sweden and Japan be fortified and enriched.



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We take this occasion to extend congratulations to Ambassador Lars Vargö on his commitment to Japan that began over three decades ago.



# Latecomer's advantage

## *Why Japan must learn from structural reforms elsewhere*



Later this year, my daughter's school will be retrofitted to bring the building up to modern earthquake-proofing requirements. This necessitates some significant structural work, which goes beyond a lick of paint on the walls and a spot of new carpet in the classrooms.

Similarly, moving Japan on from frothy exuberance in the stock market to something more sustained in the real economy requires a little more work than talking down the yen, whipping the Bank of Japan into line, and shovelling money into the economy. Structural reform is something of an ill-defined, catchall phrase covering deregulation, participation in free trade agreements, liberalising markets, and otherwise seeking to make the economy more competitive. But this is where Prime Minister Shinzo Abe's economic policies will ultimately sink or swim, and where his reformist mettle will be tested. Some reforms will be more significant than others: privatising Japan Post, for example, has greater weight than allowing the online retailing of drugs or allowing the market to provide more nursery places.

At the time of writing, the death of former UK Prime Minister Margaret Thatcher has reignited a highly charged, if not polarised, debate on the legacy of structural reforms from a previous era known to us as 'Thatcherism'. Whether Abenomics will graduate to Abeism remains to be seen. And although Japan has already had its own experience of privatisation, deregulation and liberalisation over the years, the prime minister and his team may be well advised to consider what lessons can still be gleaned from the UK experience.

The energy sector offers an instructive and timely model to study. Energy sector reforms were a key, and early, component of Thatcherism. Starting in the mid-1980s, public utilities such as British Gas were privatised and then the sector was deregulated. Today, the market is fully liberalised, to the extent that 75% of UK households have, at some point, switched energy suppliers and up to 20% do so annually. It is also likely that they are being supplied by a foreign firm such as EDF from France, which generates about 20% of all energy in the UK.

This structural reform has driven innovation such as smart metres, investment in the sector, improved service, and more competitive prices. On the other hand, prices fluctuate alarmingly; there is a real concern about underinvestment in new power plants (or viable alternatives), raising the real fear of a lack of capacity in the near future; and energy firms have been repeatedly criticised and fined for aggressive marketing and misselling of contracts. Last month, for example, utility giant SSE of the UK was fined a record £10.5 million.

This scenario is not quite what Abe had in mind, I'm sure, when he announced in April that the retail energy sector will be fully liberalised by 2016, freeing households from the regional monopolies and empowering them to choose their power supplier, on the basis of price or perhaps eco-friendliness. Additionally, the generation and transmission of power is to be unbundled by 2020, allowing for new market entrants and, hopefully, addressing Japan's current high cost structures. The devil will be in the detail of course. It is

“THE ENERGY SECTOR OFFERS AN INSTRUCTIVE AND TIMELY MODEL”

highly unlikely that, say, a South Korean company will be supplying Japanese consumers with their energy needs anytime soon. But with Japan's energy suppliers on the back foot since the 3/11 Fukushima disaster and with imported energy (oil and gas) costing ever more as the yen weakens, the idea is that this final push would stimulate competition, lower prices, and drive innovation in the sector and even beyond it. By looking at the UK and other economies, Japan can exploit the latecomer's advantage of taking the best and leaving the rest.

It is crucial that it does so, as this kind of deeper structural reform will determine Japan's competitiveness and continued relevance in a highly competitive neighbourhood. Japanese firms have much to gain from structural reforms and the benefits should ripple out through the economy if managed correctly. Foreign firms, too, should be key players in this, offering technology, knowledge and experience. All eyes, then, on this third arrow of Abenomics. Let's hope it's on target. ☺

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



# Urban Sustainability: The State of the Art

5 April, Auditorium Umberto Agnelli, Italian Institute of Culture

Text and photo **DAVID C HULME**

Hosting the annual area meeting for all Italian chambers of commerce in Asia and South Africa, the Italian Chamber of Commerce in Japan (ICCJ) took the opportunity to also host an ambitious seminar, bringing together international experts on various aspects of urban sustainability. The seminar addressed the importance of conscious linkage between the needs of human society, the advances and innovations of technology and the impoverishment of the natural environment.

"It makes no sense to build carbon-neutral houses if they are surrounded by pollution in an unsustainable city and linked by an unsustainable transportation system," noted ICCJ president Francesco Formiconi in his welcome address.

Marta Marmiroli, manager of the power grid engineering section of Mitsubishi Electric, addressed the topics of renewable energies in Japan, feed-in tariffs, the smart grid and smart community.

She focused on the Japan Smart City Project, with the four ambitious projects of Yokohama Smart City Project, the Toyota City Low-carbon Society Verification Project in Aichi prefecture, The Keihanna Eco City Next-generation Energy and Social Systems Demonstration Project in Kansai Science City and the Kitakyushu Smart Community Project in Fukuoka prefecture.

Smart cities are supposed to provide sustainable growth and are designed to encourage healthy economic activities that reduce the burden on the environment while improving the quality of life for residents. Marmiroli stressed the importance of community energy management systems.



**Domenico Giorgi, Ambassador of Italy in Japan, welcomes guests to the Italian Institute of Culture**

"A community of smart houses must have interaction with the utilities, through intelligent devices, offering to provide excess power to the grid when it can and asking for energy when it has a deficit," she said.

Architect John Mader, senior project manager of Lend Lease Japan, approached the theme of urban design and sustainability with a statement that 80% of a city dweller's energy needs are determined by the way the city is built. He then listed four principles for sustainable urban design.

The first was efficient transportation.

"Also, the system must be pleasant to use, to encourage people to leave their cars and use it more often," he said. Improvements are sometimes simple adjustments to

existing equipment, he added, but exciting new technologies will make a big difference as well. The railway equipment business, he pointed out, has a bright future.

The second principle was pedestrian-friendliness. "High-density car-based cities are not realistic," said Mader,

quoting Peter Calthorpe, the American urban designer hired to develop plans for six new cities in China. The point is for people to be able to enjoy better health and lifestyle, while remaining more connected to their communities, by being able to walk between home, office, schools, shopping and entertainment venues, thus minimising their impact on the environment.

This implies Mader's third point, the importance of "resilience and robustness". This is achieved, he said, through development and redevelopment based on mixed use of buildings and public spaces.

The fourth point was a caveat.

"Dense cities cannot be self-sufficient in terms of food and energy," said Mader. The relationship between each

city and its rural surroundings, therefore, must also be considered as part of the environmental balance.

As a "pattern for the future cities that we want to see," Mader gave the example of Lend Lease's Victoria Harbour regeneration project in Melbourne, which has the highest concentration of green buildings in Australia.


In the final session of the day, leaders of the various regional Italian chambers of commerce and industry summarised their views on the current situation in their own part of the world.

The situation in Hong Kong is far different from that in China, said Fabio De Rosa, president of the Italian Chamber of Commerce in Hong Kong and Macao.

"There is no progress," he said, because two energy providers, run by separate and powerful families, are more interested in maintaining high prices than tackling inefficiency and waste.

The government of India has better awareness, said Narinder K. Nayar, president of the Mumbai-headquartered Indo-Italian Chamber of Commerce and Industry.

"Climate change is here to stay, but we can still do things to limit how serious the problem will become," he said.

South Korea is taking "baby steps" said Alessandro Canova, head of the Italian Chamber of Commerce in Korea. Much is expected of a government five-year plan due for release next year. 



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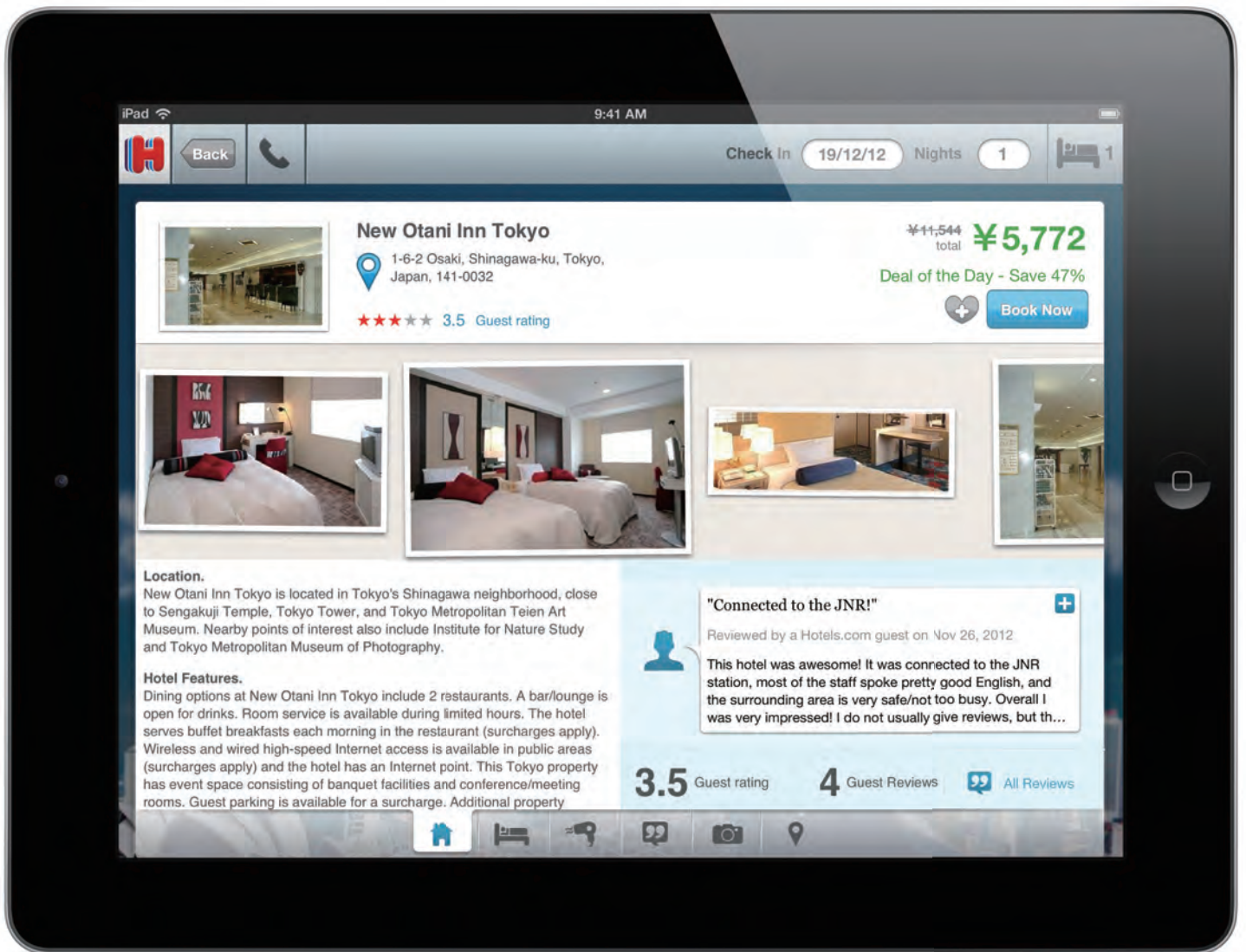
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# Drive-by science

## *Crowdsourcing builds radiation map*

Text and photo **CHRISTOPHER THOMAS**

In the confusion following the 3/11 accident at the Fukushima Daiichi nuclear power plant, among the first casualties was the government's credibility. Conflicting reports on radiation levels and safety were confusing, and people became panicky.

So, a week after the disaster, a group of volunteers started using their own Geiger counters to collect and distribute data on local radiation levels and learn for themselves what was going on. They uploaded their data to a website, and called themselves Safecast.

The organisation's data-gathering method is now called "crowdsourcing". Hundreds of volunteers take measurements and upload them to the Safecast website. Operations are funded through crowdfunding, with donations coming from organisations such as Kickstarter and Global Giving, with additional support from private donors.

"We started our first Kickstarter campaign with the idea of buying Geiger counters and giving them to volunteers to collect data with," says Pieter Franken, Japan director of Safecast. "But by the time we got the money, there was still a Geiger counter shortage, so we were afraid we'd failed in our mission. We decided to turn that failure into innovation and used the Kickstarter money to buy the Geiger tubes, electronics and other components to build our own Geiger counter, the bGeigie."

The first waterproof, shockproof model was the size of a large briefcase. It incorporated a laptop computer and took measurements every five seconds, recording the time and GPS location. A

“WE DECIDED TO TURN THAT **FAILURE INTO INNOVATION**”

year-and-a-half later, the bGeigie is in its seventh iteration, and is the size of a small lunchbox with all the same functions. It collects and uploads the data via iPhone. The bGeigie can be mounted on a vehicle or simply carried.

The database now boasts over 3.5 million data points, the biggest of its kind. The data is publicly available under the open-content Creative Commons licence.

Safecast does no data analysis, however, and is quick to point out that readings can be affected by naturally occurring radiation, weather conditions, local hot spots, and even the sensor's distance from the ground.

One major advantage of the bGeigie is that it is virtually hands-free. The volunteer simply turns the unit on and walks, drives or cycles around, and the unit does its thing: sampling the air every five seconds, screening for the target pollutant and uploading the data. Safecast currently connects to about 500 units in the field.

The staff are all volunteers, including Franken, who is from the Netherlands and has a day job as chief technical officer of retail broker Monex Securities.

He calls the Safecast system "drive-by science". The product keeps changing in response to the environment, and the loose structured organisation reacts quickly and dynamically.

"It's like skiing on a slope that's above



**Pieter Franken, Japan director of Safecast**

your level," says Franken. "Half the time you feel out of control."

The Safecast model seems to have struck a chord. The organisation now has offices in Tokyo, Los Angeles and Singapore. The Southern California office is developing a seventh-generation bGeigie Air. When deployed later this year, it will sample and collect data on a variety of air pollutants, such as particulate matter, carbon monoxide and radiation. Scientists have picked up on the Safecast database, using the information in their research. Tohoku University researchers are using bGeigies to monitor radiation levels inside the exclusion zone around the Fukushima nuclear plant. The organisation has attracted admiration from the business community as well, from people impressed by Safecast's quick responses and turnaround times.

"We've had a lot of enquiries from startup people," says Franken. "Who wouldn't like to start a company that can deploy seven generations of a product in two years?"



# Elusive organics

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*Why Japanese consumers  
have so little choice*

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Text **ROB GOSS**



“ JAPAN SHOULD BE A **GREAT FIT FOR ORGANICS** ... [YET] IS 20 YEARS BEHIND EUROPE ”  
 Duco Delgorge

Here is a challenge for you: Stop by your local (not import) supermarket and see how much organic produce you can find. If your neighbourhood store is anything like my three major chain outlets, you'll be fortunate to find much more than a few varieties of organic frozen vegetables, imported organic pasta, some tofu, and a few other certified organic items along the dry food aisles. With real luck you might get an organic craft beer.

For Duco Delgorge, founder and president of Mie Project, an importer and distributor of predominantly European organic food and drink products, that lack of organics is one of Japan's great paradoxes.

“People in Japan are fairly affluent, are passionate about food, and interested in health and safety, so Japan should be a great fit for organics,” says Delgorge. “Yet the bottom line is that Japan is 20 years behind Europe.”

The numbers certainly seem to bear that out. The global organic food and beverage market is worth approximately €50 billion a year and is growing 10% annually. While Europe and the United States can claim global market shares of 46% and 45%, respectively, Japan weighs in with just 2%. Organics account for just 0.6% of Japan's total food and beverage market.

To give further global context, a 2012

report from the Research Institute of Organic Agriculture (founded in Switzerland in 1973) puts the share of the food market for organics at 7.2% in Denmark in 2010, closely followed by Austria (6%) and Switzerland (5.7%). Even the UK, where growth has stuttered in the past few years, the share for organics is just under 2%. In the US, which, like Europe, has seen consistent growth in organic agriculture and retail since 2000, the figure is 4%.

Why is Japan lagging?

For a start, the organic agriculture sector here is extremely small. In the EU, 5.1% of the agricultural land area is organic, while in Japan that figure is less than 1%. There are a number of reasons for that, according to Delgorge, who also serves as chairman of the European Business Council in Japan.

“First, the climate is hot and humid, and agriculture has become reliant on pesticides to stave off problems such as infestation. Farm unions have farmers tied into systems through which they are sold fertilizers and pesticides – and that are difficult for them to break free of,” he says.

“There is also a lack of government support, at least compared to the incentives offered in Europe. The French government, for example, is working toward a target of reducing pesticide usage by 50%.”

Benoit Chauvel is president of Nichifutsu Boeki, which imports products such as Alce Nero organic pasta

from Italy and Pukka organic herbal teas from the UK. He points to a lack of drive at the government level.

“The Ministry of Agriculture has never really helped push organics forward. Organics has never been organised or promoted as an industry, and there is no real, concrete agricultural policy to develop it,” Chauvel says. “When the JAS [Japanese Agricultural Standard] organic mark was launched in 2001, we thought the market would take off much more than it has. But there have been too many forces [such as those promoting pesticides] within agricultural organisations pulling in different directions.”

Hand in hand with the underdeveloped organic agriculture sector is underdeveloped organic retailing.

“In Europe you have leading organic specialist retailers, such as Biocoop in France and Alnatura in Germany,” notes Delgorge. “You'll also see major European retailers getting into organics because that is what the consumers want. All mainstream retailers in Europe have strong organic line-ups, but that's not the case in Japan.”

In the UK, according to a European Commission report, 71% of organic food retail sales is now through conventional supermarkets, not specialist organic stores. This is a sign that organics is breaking free of its once niche, new-age image and becoming mainstream. For organics in France, there is a near 50-50 split between mainstream and specialist retailers.



Chauvel says the Japanese organic food market is also being held back by a lack of consumer awareness.

According to Chauvel, the Japanese consider their food to be healthy – because Japanese cuisine traditionally uses seasonal produce, tofu, fish and ample amounts of vegetables – which perhaps translates to less demand for organic products than in the EU and the US. “Here, organic is associated more with safety and high standards of production,” he adds. Delgorge agrees.

“You don’t get a market to grow without consumer awareness, and Japan is certainly lacking there,” Delgorge says. “Many Japanese don’t fully understand what goes into their food. The branding is aimed at how food looks and tastes, not how good it is for you or the Earth”.

“With something like pesticide usage – and it is said that Japan uses seven times more pesticides than the US – there is very little consumer knowledge of the impact pesticides can have on the environment and the human body,” he continues.

Chisato Aki is in charge of marketing organics at Japan Europe Trading (JET), which imports European food and beverages, including its own Solleone Organic product range. Aki says there has been some increase in interest in organics since the 3/11 earthquake and tsunami. However, the market has not capitalised on it.

“Interest in food safety has been growing among consumers since radioactivity was found in some food

samples after the Fukushima nuclear accident, and this has led some consumers to seek out organic foods,” Aki says. “But information on organic food is distributed poorly in terms of both quality and quantity, so most consumers and retailers know little about it.”

Getting organics to a broader range of consumers means making sure their products offer more than environmental and health benefits.

“We are very careful about the suppliers we select. Ninety percent of the products are organic, but they all have to be excellent. The products we bring to Japan must have as many positives packed in them as possible to give consumers reasons to try them,” Delgorge says.

Cost is also proving to be a barrier. Imported organic products already tend to carry a premium price in their country of origin, and these prices are pushed higher still by import tariffs in Japan.

“In the current economic climate, Japanese consumers are looking for low prices, and their motivation to pay more for safe [such as organic] foods is not very high,” Aki says. “To increase organic food consumption in Japan, we must educate retailers and consumers about organic foods, but also sell them at more affordable prices. At most, the cost should be no more than 20% higher than non-organic foods.”

With that in mind, one of the recommendations in the EBC 2012 White Paper (and in many previous annual white papers) is for the Japanese

government to abolish tariffs on organic imports.

Maybe some encouragement can be taken from another long-standing recommendation, which has now been taken on board. In April, the Japanese government announced that it would abolish an import procedure that for years has added unnecessary cost and complexity to bringing organics into Japan. Food that is certified as organic in Europe and meets organic JAS regulations (and is marked in Japan) previously had to obtain a supplementary organic certificate from the embassy of the country from which it was being imported, every time it was imported.

“There are certainly signs that things are moving in the right direction. Organic retailers, like the Natural House chain, are growing, as are online retailers such as Radish Boya [which delivers boxes of organic vegetables and other products]. We have to be clear that organics are a long way from being mainstream [in Japan], but more non-specialist retailers are becoming interested and a small, but growing, amount of organics are available beyond niche retailers,” Delgorge says.

“Organic food is an area where Europe can help Japan develop a local organic farming industry and a retail market, in addition to strengthening Europe-Japan trade and relations. It’s a huge opportunity for the EU and Japan. I’m just hoping it won’t take 20 years for Japan to catch up.” 



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### Principle 1: Ensure you have a diversified portfolio

Location is a truism when buying property. When constructing investment portfolios, the same applies to diversity. Statistical data suggests that many investors are not truly diversified at all, i.e., each asset is correlated to the other – meaning they all go up or down at the same time. In contrast, truly diversified investors spread their investments across the different asset classes without necessarily compromising their return. Though nobody can second-guess the future and the direction for investment markets, by taking a diversified approach you can profit through volatile times.

### Principle 2: Compound Interest

Einstein's eighth wonder of the world is compound interest! The events of 2008-09 have proven that the key to financial success is the time in the market, not the timing of the market. If you are now aged 40, you can assume that there will be three or four more recessions before you retire. By the same yardstick, there are a number

of funds displaying double-digit returns compounded over a decade or more. Choosing a core holding of investments with less volatility will help compound your returns over the long term, provided you stay the course.

### Principle 3: Think Global

Investors tend to focus on their home markets when it comes to investing – it's easy to invest in companies that are familiar. However, rebalancing in the world order means that we must look outside of our home countries if we are to achieve a higher return on our investment. By choosing funds and fund managers who are experienced in overseas markets, you can look forward to the opportunity to invest in companies and institutions that can help grow your wealth more quickly.

### Principle 4: Asset class investing

With the return on cash deposit at record lows – irrespective of currency and the majority of sovereign bonds paying below inflation coupons – we are often asked, 'Where can I get a better return on my money?' By objectively reviewing which asset class is likely to perform better – given valuations and fundamentals in current and likely future market conditions – you can take reassurance that your money is placed well. It is worth noting that the majority of sovereign and company pension funds are invested in sovereign debt instruments offering a negative real yield.

### Principle 5: Design efficient portfolios

Our view would be to identify a strong active fund manager or fund management group with which to manage your money. To invest passively is to leave oneself vulnerable to all manner of distortions. In our experience, the majority of equity indices is not worth tracking and provides little value for money. In contrast, an experienced, value-focused manager is more likely to construct a well-diversified and efficient portfolio – meaning you are more likely to increase your return on investment.



“Financial success is very rarely the result of luck”

Trevor Webster ACSI,  
Area Manager, de Vere Group

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# EU and Japan working together

This month marks the 63rd anniversary of the Schumann Declaration, viewed as the first official step in the foundation of the present EU. On 9 May 1950, coal and steel resources were pooled in a common European organisation.

The European Business Council (EBC) is the European (EU) Chamber of Commerce in Japan, whose 2,500 member companies operate in 30 industries in this country. The 17 European chambers of commerce that comprise the EBC stakeholders include firms that are the leaders in certain key market sectors.

We pay tribute to an EU-Japan partnership that remains both unwavering and reciprocal, especially during the ongoing EU-Japan FTA/EPA negotiations.



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# Christian Moen

President, the Norwegian Chamber of Commerce in Japan

[www.nccj.or.jp](http://www.nccj.or.jp)

Text and photo **DAVID C HULME**

“We have done a great deal in the past two years. From now on, we will be getting better at the things we already do,” says NCCJ president Christian Moen. “We have shifted the focus more onto business events. Social events are still important, but now we provide a completely different set of activities.”

The change, says Moen, could not have been made without the appointment of the chamber’s executive director, Michal Louis Berg. To continue employing Berg, albeit on a 50% basis, while maintaining a solid financial basis for running the chamber, and to take it further, a doubling of corporate membership fees was approved at the most recent annual general meeting. Even now, says Moen, NCCJ fees are relatively low, and have not deterred prospective members.

“We have more members now than before we made the change,” he says. “This is a testament to the fact that members see the value of what we are doing.” Individual membership fees are unchanged.

The highlight of 2012 for the reinvigorated NCCJ was the visit of Norwegian Prime Minister Jens Stoltenberg, accompanied by a business delegation of about 80 people, says Moen. The chamber co-organised a networking event to connect the delegation with chamber members. At the same time, in collaboration with the NCCJ member companies, a new series of events called the Norway Industry Forum (NIF) was launched, with a focus on Norway’s core business areas: energy and renewable energy, maritime industries, tourism, fisheries and environmental technology. Berg cites an NIF event on the theme of Arctic shipping.

“It was held in Arctic Hall, here at the embassy, and attended by 50 people from close to 30 different organisations,” he says. “It was exciting because we were able to attract companies and people

that we have never been able to attract before, such as the leading Japanese shipping and shipbuilding companies, and even some shipping newspapers through our maritime NIF events.”

“At the same time, with the cooperation of Innovation Norway, we launched a

“[Increased membership] is a testament to the fact that **members see the value** of what we are doing”

**Christian Moen**

business internship programme, with the goal of allowing fresh Norwegian university graduates to get internship experience in Japan,” Moen explains, adding that companies have signed up as NCCJ members in order to join this internship programme. One is global-minded Rakuten, which is expanding rapidly and already employs a number of Norwegian engineers.

“These activities are the fruition of the past couple of years of work aimed at taking the chamber to the next level,” says Moen. “Our executive director has been the key to making all these things happen.”

Moen and Berg are now planning for the chamber’s 10th anniversary.

“There will be a party in the early autumn,” says Moen, noting that the NCCJ was formed, on the foundation of a previously existing Norwegian business association, on the occasion of a visit by Norway’s prime minister at that time, Kjell Magne Bondevik.

One of the factors attracting new members, most of whom are new entrants to Japan, says Berg, is the popular Arctic Hall venue.



**Michal Berg and Christian Moen**

“We can offer this to members at preferential rates, as well as undertaking some of the preparatory work for an event there,” he says. “We also provide a close relation with the embassy, and the Trade and Technology office, Innovation Norway.”


“Being able to use Arctic Hall is a very nice membership perk,” adds Moen.

Business trends in Japan that attract the NCCJ’s attention revolve around Norway’s abovementioned areas of core competence.

“The most obvious opportunity is in renewable energy – solar energy, wind energy and, particularly, offshore wind farms,” says Berg.

Moen and Berg note that Norwegian shipbuilders are developing new technologies for the transport of LNG. Another potentially exciting and controversial result is the ability to dramatically shorten the shipping route from Norway to Japan with LNG-carrying icebreakers.

High on the agenda for the coming year is the topic of a free trade agreement between Norway and Japan.

“We are getting feedback from our members about what the barriers are for their industries in Japan,” says Moen, noting that if Japan reaches trade agreements with its Pacific-region trading partners, with the US and the EU, it will be important for Norway to also reach an agreement. 

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# Andrew Olea

Director of Sales & Marketing, Japan  
Country Manager - Asian Tigers Mobility

reads

# eURObiZ JAPAN



# Ambassadors du vin

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## *Sommelier competition promotes wine in Japan*

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Text **JULIAN LITTLER**

It was a heady draught for Japan Sommelier Association (JSA) president Masaharu Oka, as Tokyo hosted 54 top sommeliers in a three-day oenological battle to be crowned the world's top wine steward. The rigorous examination process carried out by the International Sommelier Association, or Association de la Sommellerie Internationale (ASI), eliminated 44 candidates on the first day, and narrowed the field down to three finalists for the March 29 decider.

Paolo Basso, from Switzerland, was anointed world champion by the assembled wine judges in a ceremony shown live by NHK, Japan's national TV broadcaster. The Swiss sommelier took the title after a long journey, having been runner-up on three previous occasions. Veronique Rivest of Quebec achieved a world first for women. She was the first woman to finish among the top three in this contest, as well as the only non-European to do so this year. Rivest placed second ahead of 30-year-old Belgian Aristide Spies.

"I'm in the clouds. There has never been a woman in the finals before, so it's a historic moment", said Rivest.

Basso, 47, commented that the championship has become

increasingly difficult since he first competed in Montreal in 2000. Basso was runner-up in his first shot at the world title, in the same year that Japan's Hiroshi Ishida placed third. Basso thanked his wife and daughter for allowing him the long hours he continues to devote to wine scholarship. He also shared his intrigue over the challenge of matching wines to the unique flavour of *kabayaki*, Japanese style eel broiled in a soy-based sauce. During the final Basso had revealed his speed and accuracy, leading Rivest to comment that he was "like a machine".

A similar characteristic is the reason for Tokyo being granted host city status for a second time according to JSA president Oka. The ASI was impressed with the city itself and with the JSA's level of organisation for the 1995 event. Tokyo is the only city to have held the event twice. Oka also jovially explained that the event had been intentionally scheduled to welcome contestants into the seasonal splendour of Japan's cherry blossoms.

"The sakura bloomed early and were in their full glory for the contestants this year," he said proudly.

This year's championship took place under the





Best Sommelier 2013 winner Paolo Basso, flanked by former winners, holds the Moët & Chandon trophy

“ YOU KNOW,  
WINE EVENTS ARE  
MOSTLY ATTENDED BY  
WOMEN ”

Todd Stevens

international stewardship of Japan's own master of wine, Shinya Tasaki, who currently heads the ASI. He shot to fame both domestically and internationally after winning the 1995 title here.

Tasaki opened the final day explaining to the audience that Tokyo had been granted the 2013 host city status five years ago, when Kazuyoshi Kogai was ASI president. Kogai, the first non-European ASI president, is credited with setting up regional competitions for each continent. Winners of these regional events are automatically qualified to enter the world championship. Kogai suddenly passed away, aged 66, in March last year. Tasaki filled his ASI role, while Oka became head of the JSA.

This year, Tasaki and Oka awarded the first round of International ASI Sommelier diplomas. This new accreditation is based on an examination of the sommelier in one of the three official languages of the ASI – French, English and Spanish – but it must also be a language other than that of the sommelier's native land. The qualification is intended to encourage internationalism in wine promotion and the same rule applies to the ASI competition. Swiss contestant, Basso, for example, could not compete in French and therefore used English.

American Todd Stevens, a former Seattle, Washington sommelier who is now a marketing executive with Orca International wine importers has an optimistic view of Japan's wine future. He says that despite Japan's shrinking population, there is a younger generation taking to wine as the alcoholic beverage of choice. He expects this generation will begin to spend more on wine as they enter their thirties, which is when Japanese people tend to have more disposable income. The shrinking birthrate may even work in the wine industry's favour, he says, as more of that disposable income can be spent on wine.

“The threat is that you've got all these guys who are not drinking alcohol. And so it is the women who are going to be the ones that fuel this. You know, wine events are mostly attended by women”, says Stevens. He also says that he expects the market growth in Japan to develop sustainably and reliably, unlike the rapid growth expected

for the Chinese market.

Sales of still wines in Japan increased by 44.8% from 2009 to 2012, according to figures from *Wands*, the international wine and spirits magazine. Last year, more French wine was sold here than in any year since 2003.

The top five sellers in Japan for 2012, by nation and by volume, were France, Italy, Chile, Spain and the US in that order. Sales of Italian, Spanish, Greek and Portuguese wines all increased significantly. German wine sales increased about 4% from 2009, but have fallen about 45% since 2003.

Japan's wine market hit boom status around 2000, according to veteran sommelier Oka, having built steadily from the early '90s. During that period, a great deal of media coverage was given to the “French paradox” (a statistical indication that French people have healthier hearts despite an unhealthy diet, with some claiming that red wine may be a positive influence). Tasaki's world title also boosted awareness of wine. Sales kept growing in every price category until the 2008 economic downturn.

Then, says Stevens: “We saw increases in case sales, but decreases in overall average price point.” That is, more wine was being consumed, but a lot of it was the cheap stuff. Standing wine bars selling wine by the glass, or even by the bottle, for around ¥500 each. Sales in the ¥2,000-3,000 range remained flat until they began to increase again over the past two years.

“Every range of the market is growing now, at different rates,” says Stevens.

Sparkling wines were listed by *Wands* as being up 42% from the temporary lapse in 2009 after the Lehman Shock. Again, France is in the top sales position by volume followed by Spain, Italy, Australia and the US. The growing wine market will help Japan's sommeliers to grow in strength, too.

“An event like this has so many benefits for Japan's wine world” says the JSA's Oka. “It acts as a kind of international industry diplomacy, bringing the sommelier world closer together. For a faraway country like Japan, the younger generation of sommeliers gets a chance to see the best and, even if it is only one or two that are inspired, they can step up onto the world stage.” ☺

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# Hays Specialist Recruitment Japan

## Geared to professionalism

Text **GAVIN BLAIR** Photo **BENJAMIN PARKS**

While optimists regarding Japan are not so hard to find these days, they were thinner on the ground in the summer of 2011, when Jonathan Sampson arrived here to take up the position of senior director for Hays Specialist Recruitment. Despite the challenges facing the country, Sampson was, and is, unabashedly bullish about its prospects.

"From a personal perspective, I was in a fairly comfortable role as a national manager for a fairly large recruitment business in Australia. But to take the next step, it was important for me to get some experience in Asia, which I see as the most important region for at least the next decade," says Sampson.

"Initially, it was very much going to be Hong Kong or Singapore, the traditional expat places to go," he recalls. "As I dug down more, I found that the opportunity here, based on what we have here and where it could be, is far greater than anywhere else in Asia."

Hays endorses his personal view, Sampson says. The agency recently identified Japan as one of six countries, out of the 33 in which it operates, that are set to deliver significant growth over the next two to five years.

With capital markets here more buoyant than at any time in recent memory, Sampson says that Abenomics is already making itself felt.

"In the past few months, we've seen

more positivity and strength in the finance industry than we've seen here in a long time," he says, adding that he believes it may take longer for that to filter through to other sectors and stimulate extra hiring and investment.

Promotion from director to country manager in January this year took Sampson from being responsible for 60% of the company's business in Japan to overseeing its entire operations. This includes areas such as the life sciences/ pharmaceuticals sector, with which Sampson says he was less familiar. It is a sector of increasing importance to Hays, driven in part by the phenomenon of Japan's ageing population and the innovations that domestic companies in the field are undertaking in response to it.

Life sciences, along with many other sectors in Japan, suffer from widespread skill shortages, according to Sampson, who sees part of the problem of talent mismatch stemming from "an education system that still produces generalists rather than specialists". He cites the fast-growing sector of smartphone applications as one example of a field in which demand is outstripping supply.

"There are significant new entrants coming into the mobile gaming space from Europe and America, who are very excited about the prospect because they haven't even localised their games yet for the Japan market," says Sampson, adding that there are serious shortages of software engineers, particularly those with multilingual

capabilities, to work with these newcomers.

Eighty-five per cent of Hays' own staff, representing 19 nationalities, are fully bilingual, something Sampson describes as important to maintaining professionalism throughout the recruitment process.

The recruitment industry does have something of a mixed reputation, perhaps particularly in Asia, with a name for high staff turnover and some questionable practises.

"One of the interesting things about recruitment, and it's both a pro and a con, is that there are very low barriers to entry," says Sampson. "That does foster something of an entrepreneurial spirit. But, equally, it does give rise to a largely unmoderated industry – which is something we work against every day to make sure we have processes in place that ensure a quality service to our clients."

One method Hays uses to encourage professionalism is assigning recruiters to teams of specialists in one of 13 specified fields, which include accounting and finance, banking, insurance, financial technology, property, legal, and life sciences.

"By doing that, they develop expertise, industry knowledge and networks that add value for our clients and candidates. I don't believe it's possible to provide a truly professional service if you're approaching it as a generalist," says Sampson.

The country manager says that leveraging technology has also been






“ THE OPPORTUNITY  
HERE ... IS FAR **GREATER**  
**THAN ANYWHERE ELSE**  
IN ASIA ”

crucial for Hays, which has invested heavily in recent years in, among other things, building an internal global database of over 7 million candidates.

Many people use online professional network LinkedIn to find employment without the use of middle parties such as recruiters, and Sampson believes it is

unrealistic to ignore such innovations in the market.

“As times change, you’ve got two options: Either you can fight those changes and become another Kodak, or you can embrace them and work out how to utilise them. The fact is, we’re a people-based business and

no technology is going to be able to replace us in the short to medium term,” says Sampson. “People are emotional beings with soft skills just as important as technical skills, and ultimately no computer can truly understand the match required between a client and a candidate.” 



# Materials//

## *Ripe for the picking in FTA talks*

Text **GEOFF BOTTING**

**N**egotiators hammering out the free trade agreement (FTA) between the EU and Japan face a range of complex and sensitive issues. Japan wants rice and other agricultural areas thoroughly protected. Europe imposes tariffs on Japanese cars, while European automakers point to a raft of non-tariff barriers against their products in Japan.

One set of tariffs, by contrast, appears to be ripe for the picking. Those are the ones imposed on industrial materials from Europe. There seems to be hardly any rationale to explain these duties. Japanese industry needs to import the vast bulk of its industrial materials, and has no local production at all for some local materials. Yet, several of these imports are hit with duties, raising costs throughout domestic industries.

“We tell the Japanese that they’re shooting themselves in the foot,” says Ulf Melin, chairman of the EBC Materials Committee. “Why do you put tariffs on things that make your products more expensive?”

Yet, asked whether he expects the FTA negotiations to end all tariffs on industrial materials, Melin expresses guarded optimism.

“This should be the low-hanging fruit, a topic without a lot of controversy,” he concedes. “But when I look at the past, when things [in Japan] were supposed to happen but in the end never did, from that perspective I can just hope that they fix this.”

Silicon carbide, for instance, which is used extensively in electronics and automobiles, is hit with a 3.3% tariff. Japanese industries can get around the duty by importing from China and other countries that have been exempt from the tariff, owing to their status as developing countries.

“These materials have been one-sidedly sourced from certain countries,” explains Melin, North-east Asia chief representative for Eramet International, Tokyo Branch. “But as the status of these countries changes, Japanese industries are suddenly hit with costs, and they lose their competitive advantage.”

A fellow committee member, Luc

Gellens, senior vice-president of Umicore Japan, says: “If I’m an automotive company in Japan, and I have to buy goods from foreign companies and then pay import duties on top of that, it means that by default I’m becoming more expensive and less competitive. The result? Many assembly lines will move to other countries.”

As to why Japanese automakers, electronics manufacturers and other producers facing tough global competition would tolerate such a situation, Gellens responds: “That’s something that goes beyond my understanding, as it means a negative spiral for the manufacturing industry in this country.”

The committee has long pointed out that Japanese industries, including its most strategic ones, would be the ultimate winners if they were given a free and wide choice of sources, while paying competitive, market-based prices for their materials.

Umicore, a Belgium-based materials technology company, imports a range of metal-based materials, some of which are subject to import duties. It has

established a factory in Kobe to supply its Japanese customers with materials for the cathodes of rechargeable lithium-ion batteries. Production at the factory got under way in 2011, and the company pays a 3.3% tariff.

“[The tariff] makes our lives a little bit difficult, but the customers need the products, including the imported ones,” Gellens says.

In the *EBC 2012 White Paper: Delivering Trade Potential*, the Materials Committee reports “no progress” on its two tariff-related issues: the imposition of duties and their classification. For the second point, the committee complains of the classifications often being arbitrary.

Melin concedes that the committee has not seen much in the way of results in recent years, so it only meets four or five times each year. One obstacle is the committee not being able to make a direct connection with the Ministry of Economy, Trade and Industry (METI), he explains.

“We have difficulties just being able to meet with the right officials of METI

## Materials Key advocacy points

→ **Tariffs** – The Japanese government should remove tariffs on all raw industrial materials.

→ **Tariff classifications** – Japan’s regional customs officials are often inconsistent in their application of classifications of import tariffs for industrial materials. The government should make a comprehensive effort to rationalise its tariff classification regime.

→ **Chemical Substance Control Law** – The new registration systems created under the law requires duplicate testing and other burdens for the industry, and they have also raised concerns over the possible leakage of confidential information. The registrations systems in the EU and Japan should be harmonised to eliminate these issues.


to present and argue our issues. Either they are understaffed, or too busy, or uninterested, but it has not been

“WHY DO YOU PUT  
TARIFFS ON THINGS THAT  
MAKE YOUR PRODUCTS  
**MORE EXPENSIVE?**”

Ulf Melin

easy to get a good dialogue going with them.” He adds that the EBC Secretariat continues to work on arranging such a get-together.

The committee is small, with six member companies. What’s more, “materials” is a broad and ill-defined field, which may explain why the METI officials are often too busy with other issues to consider this set of tariffs.

However, Melin says, with FTA talks underway, and negotiations on a Trans-Pacific Partnership looming, “now is the time” for Japan to take action against its tariffs on materials. “There won’t be any more chances. If Japan doesn’t jump on the bandwagon now, it will definitely be left behind.” 



# World of washi

Text **ALENA ECKELMANN**

Who would have thought that a small piece of paper could change the course of a life?

Dutchman Rogier Uitenboogaart did not expect as much when by chance he found an unusual sample between sheets of 'normal' paper. Born in The Hague, he had studied design and printing at college and at the time was undergoing an apprenticeship at an Amsterdam bookbindery.

"I was shocked by the beauty and lightness of this paper, of what you could see in it and the light that shone through it," he remembers. The paper was identified as *washi*, literally Japanese paper, but there was hardly any information about it available in the pre-Internet age.

In 1980, Uitenboogaart boarded the Trans-Siberian Railway and journeyed to Japan, intending to get to the root of his mysterious discovery. From a tourist information office in Tokyo he obtained the names of paper-making towns in Japan, and began to visit them one-by-one.

"I could not speak any Japanese and the people I met could not speak any English, but they were very friendly and let me watch them doing their work," he says. This is how he came to meet the family of Ichibei Iwano, a famous paper-maker in Fukui prefecture and, although Uitenboogaart did not know it then, a Living National Treasure. He watched Iwano beating fibre, an essential process in making washi the traditional way.

"I realised that what I saw was the essence of making washi. I got hooked and wanted to do this, too," he says.

Later, Uitenboogaart visited another famous paper-maker in Okinawa and asked to be his apprentice. The man declined, but he gave good advice: If Uitenboogaart really wanted to make washi, he should start by growing

fibrous plants, preferably in Japan's main fibre-growing area of Kochi prefecture.

Uitenboogaart met his wife during this trip and together they moved to the mountain town of Yusuvara, near the Shimanto river in Kochi prefecture. Town authorities granted them a piece of land on which to grow *kozo* (paper mulberry). During the years it took for the trees to mature, Uitenboogaart did the rounds of paper-makers in the area and observed them at work.

"They taught me the basics of paper-making in a traditional way, by *nusumu* – stealing knowledge by watching," he says.

Japan's economic boom of the 1980s is remembered as a golden age by many Japanese, but not by the traditional paper-makers. There was a steep decline in demand for the washi used in interior design, and for the high-quality washi applied in traditional arts and crafts. Many of the paper-makers were forced out of the profession.

At the end of the Edo period (1603-1868), there were 80,000 paper-makers. When Uitenboogaart arrived there were still 600, but 30 years later only about 200 remain.

"Kochi's paper-makers were glad about any young person being interested in their craft. Forced to quit hundreds of years of tradition, they desperately wanted to pass on their craft. The whole community became my teacher," Uitenboogaart recalls.

Initially, he acquired some tools from paper-makers who had quit, made some other instruments on his own, and began small-scale production. A gallery in Kochi bought some of his

“WHAT I SAW WAS THE **ESSENCE OF MAKING WASHI**. I GOT HOOKED AND WANTED TO DO THIS TOO”

washi, and he also sold at the local Sunday market. A breakthrough in recognition as a professional maker of traditional Tosa (Kochi) washi came in 1998, with a solo exhibition in Kochi city.


Kochi prefecture officially recognised Uitenboogaart as a master of his craft two years ago. He has established a small community group that meets regularly to share knowledge. He also teaches paper-making at his studio, Kamigoya (literally "paper school"). He instructs an apprentice, as well as teaching people from all walks of life, both Japanese and foreigners, who attend his workshops.

"I am concerned about the future of washi and other traditional crafts, and about Japan's countryside in general. We need to cooperate in order to revitalise traditions, and rural areas, by developing new projects," says Uitenboogaart.

In Tokyo, he holds classes four times a year at the Eco Plaza in Minato ward, and grows fibre plants on the roof terraces of several buildings, including the Matsuya department store.

"We bring the whole set of traditional paper-making and of mountain culture to Tokyo and show people how the water, forest, plants and people are connected," he states.

"Washi is a medium. It is sensitive, likable, and easy to understand. I believe it also has the power to make people feel more relaxed, and so people re-think their values and their relationship with nature and the people around them," he adds.

Just like the small sample that he found more than 30 years ago, washi still has the power to change lives. 



# Upcoming meetings

→ **Animal Health**

30 May, Thursday, from 15:00, off-site

→ **Asset Management**

24 May, Friday, from 12:00, EBC

→ **Automotive Components**

13 May, Monday, from 16:00, EBC

→ **Energy**

13 June, Thursday, from 14:00, EBC

→ **Food**

13 June, Thursday, from 14:00, EBC

→ **Human Resources**

3 July, Wednesday, from 19:00, EBC

→ **Legal Services**

16 May, Thursday, from 18:30, off-site

→ **Logistics and Freight**

21 May, Tuesday, from 17:00, EBC

→ **Materials**

10 June, Monday, from 17:30, EBC

→ **Medical Equipment**

30 May, Thursday, from 14:00, off-site

→ **Railways**

3 June, Monday, 09:00, EBC

→ **Telecommunications Carriers and Equipment**

13 June, Thursday, from 10:00, EBC

Committee meeting dates are subject to change. Please contact the EBC secretariat for confirmation.  
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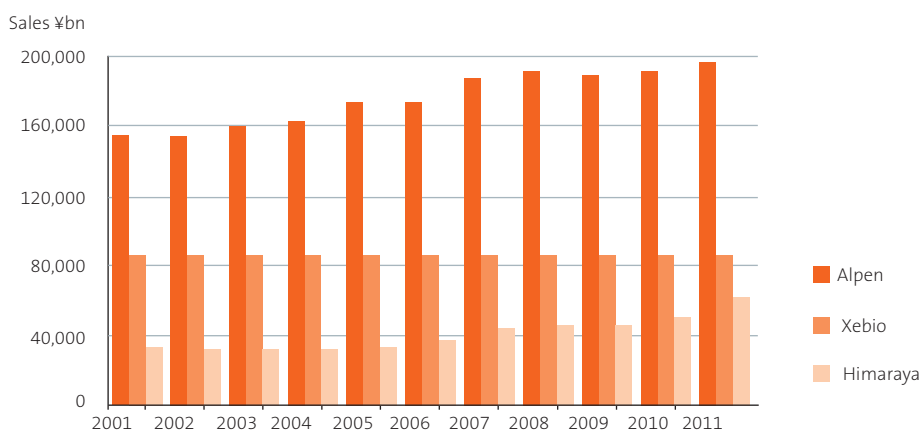
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EUROPEAN BUSINESS COUNCIL IN JAPAN  
THE EUROPEAN (EU) CHAMBER OF COMMERCE IN JAPAN

# Active Japanese reignite sporting goods market

**Sales 2001-2011**


Japan's sports market had been shrinking until 2012. The Japan Productivity Center's White Paper of Leisure 2012 suggests that spending on sports as a leisure activity fell from its peak of ¥5.6 trillion in 1996 to around ¥4 trillion in 2011. The main reasons behind the contraction were the greying of society, the failure of younger people to take up team sports with the same enthusiasm as previous generations, price deflation due to cheaper imports, and the expansion of store-branded merchandise.

Sales are now increasing. The London Olympics helped, but it is the new interest, across all generations, in running, hiking/climbing, and exercise regimes such as yoga, that is supporting growth. Dubbed "personal sports", as opposed to team sports such as baseball and volleyball, the enthusiastic adoption of exercise activities has helped the domestic sporting goods market grow an estimated 2% in 2012.

There are two key themes: Women buying many more sports fashion goods; and greater demand from affluent amateurs for professional and highly functional apparel and gear.

Women's lifestyle sports have become an important source of growth, and an expanding number of retailers cater to this market. The chain of Goldwin's Saturday in the park and the new Amina Chain line-up from World are two examples, while Giant, the Taiwan-based bicycle brand, launched a women-only Liv/giant store in Osaka last year.

High-end brands and semi-pro gear and apparel, growing in popularity, are being marketed at new stores springing up in major urban centres. In March, domestic sports brand Asics opened a sleek, high-spec Onitsuka Tiger shop in the new Kitte SC mall in Marunouchi, across from Tokyo Station. Last year, Japan-based Xebio opened its Double Eagle Omotesando, a new concept store just off Omotesando dori, selling 60 top-of-the-range golf and sports brands.

These positive influences are boosting the fortunes of the largest sports retailers. Xebio was forecasting sales growth of 9.1% for fiscal year 2012, taking it to around ¥198 billion in sales from its 600 stores nationwide. Alpen, headquartered in Nagoya, has added 25%, or ¥50 billion, in sales since 2005. Himaraya, also out of Nagoya, is forecasting sales to jump to ¥80 billion in fiscal year 2014, from ¥60 billion in fiscal year 2011.


**ROY LARKE**

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# Upcoming events



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

## Belgian Embassy FTA Briefing

22 May, Wednesday, 18:30-21:00

**Speakers:** Nikolaos Zaimis, Minister-Counsellor and Head of the Trade Section, European Delegation in Japan; Bruno Julien-Malvy, First Secretary in the Trade Section and former Japan desk officer, DG Trade

**Venue:** Belgian Embassy, Kojimachi  
**Fee:** free (BLCCJ-related companies)  
**Contact:** [info@blccj.or.jp](mailto:info@blccj.or.jp)

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

## Panel Discussion – Small Is Great IV: “Marketing on a budget”

21 May, Tuesday, 19:00-21:00

**Speakers:** to be confirmed  
**Venue:** Oakwood Premier Tokyo Midtown, 1F Lounge, Roppongi Station  
**Fee:** ¥4,000 (members), ¥6,000 (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 Luncheon Meeting

16 May, Thursday, 12:00-14:00

**Speaker:** Timo Varhama, UPM-Kymmene Japan KK  
**Venue:** Grand Hyatt Tokyo, Drawing Room  
**Fee:** ¥6,000 (members), ¥8,000 (non-members)  
**Contact:** [fccj@gol.com](mailto:fccj@gol.com)

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

## Joint Networking Event: IJCC and Australian and New Zealand Chamber of Commerce in Japan

16 May, Thursday, 19:00-21:30

**Venue:** Irish Ambassador’s Residence, Moto-Azabu  
**Contact:** [secretariat@ijcc.jp](mailto:secretariat@ijcc.jp)

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

## Seminar: “Will ‘Abenomics’ Cure Japanese Economy?”

23 May, Thursday, 18:30-20:00

**Speaker:** Philippe Avril, CEO and Representative Director, BNP Paribas Securities Japan Limited  
**Venue:** BNP Paribas Securities Japan, Tokyo Station  
**Fee:** ¥2,000 (members), ¥3,000 (non-members)  
**Contact:** [promo@iccj.or.jp](mailto:promo@iccj.or.jp)

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

## ABC-GCCIJ-SCCIJ Joint Luncheon\*

9 May, Thursday, 12:00-14:00

**Speaker:** Shuuiji Kobayakawa, Bank of Japan  
**Venue:** Grand Hyatt Tokyo, Anise Room  
**Fee:** ¥8,000 (members and non-members)  
**Contact:** [info@sccij.jp](mailto:info@sccij.jp)

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

## SCCIJ June Luncheon

5 June, Wednesday, 12:00-14:00

**Speaker:** Jean-Denis Marx, Baker & McKenzie  
**Venue:** Grand Hyatt Tokyo, Basil Room  
**Fee:** ¥8,000 (members and non-members)  
**Contact:** [info@sccij.jp](mailto:info@sccij.jp)

## The Economist Conferences

### The Bellwether Series: Japan – “Asian finance: Credit where it’s due”

30 May, Thursday, 08:45-17:25

(followed by networking cocktail reception)

**Venue:** Hotel Okura Tokyo  
**Fee:** 20% discount off standard rate (EBC members)  
**Contact:** [www.economistconferences.asia/event/BW2013JP](http://www.economistconferences.asia/event/BW2013JP)

Compiled by **DAVID UMEDA**



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# Bernard de le Court

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*The eclectic entrepreneur*

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Text **DAVID C HULME**

Photo **BENJAMIN PARKS**





**B**ernard de le Court describes himself in very modest terms. “I am just an average Belgian,” says the francophone Brussels native. “I’m so normal, it’s embarrassing.”

His career, however, is anything but normal. Since obtaining a law degree at the University of Brussels, he has marched to the beat of his own drum, swapping a career in finance for one in frozen vegetables, and another in fashion and women’s underwear.

“I never planned much, but I always enjoyed what I did,” he says of the process, which began with a horizon-stretching experience as a 16-year-old high school exchange student in the US state of Michigan.

“After six months I felt completely American,” he says. After returning to Brussels, he studied law “by default”.

“I thought that law could lead anywhere,” he says. Indeed, it did. Partly with the intention of studying international law, and partly to avoid Belgian conscription, de le Court applied for places at universities in both China and Japan.

“The Chinese ignored me and the Japanese welcomed me,” he says. He first arrived here in 1986, aged 23. As it happened, he returned to Belgium for military service three years later, just as the Berlin Wall fell. The timing was also fortunate, he adds, because he was able to serve part of his time in Europe interpreting and translating for the principals of a major Japan-related cultural event.

From 1990 to 1994, he worked in the Tokyo subsidiary of Brussels-based financial conglomerate Société Générale de Belgique. During this time, he studied management and honed his Japanese language skills, and decided to part ways with financial services upon being posted back to Belgium.

“I bought a small Brussels-based trading company, called Avimex, trading mostly with Japan, and developed its business in various fields,” de le Court explains. Avimex was the agent here for Lutosa frozen vegetables. The potato range was transferred to PinguinLutosa Japan when de le Court set up a subsidiary for them in 2005. Soon after that,

however, he was dreaming up completely new ideas.

“I was looking for a product with a Belgian image. Belgium is not famous for women’s underwear, but it is known for lace,” he says. “I decided to develop women’s lingerie, with a focus on fine lace”. Through the introduction of a friend, de le Court approached lingerie manufacturer Wacoal, which had very particular ideas of what it wanted for the retail market in Japan.

“I was just a small vegetable trader. I was being ridiculously optimistic that it would work, but it did,” he recalls. Not everyone was impressed.

“What am I going to tell my friends?” his mother asked when informed of the success with lacy underwear. Nevertheless, de le Court went on to launch brands of his own for catalogue sales. The style was distinct.

“Lingerie in Japan is quite different from what women wear in Europe,” he says, recalling his hit products, such as the Bonbon bra and the Bardot bra. Eventually, these brands were successful enough to invite serious competition.

“The Chinese copied me, for so much less that I had no chance,” he says, though he also admits that he might have been more successful had he really focused on underwear.

“I love doing many different things,” he says. “I have fun developing things, but once it has started I lose interest.”

In 1997, women’s accessories designer Yukisaburo Watanabe invited de le Court to run his businesses, Mich (prêt-à-porter and haute couture) and Mich Design Office. The Belgian recalls the experience of running a Japanese company with 36 employees as a highlight of his career. After four years, however, as a married man with a newborn child, he had to quit.

“I was doing three full-time jobs at the same time – underwear, vegetables and fashion – and I was exhausted,” he recalls.

Having worked hard to bring European potatoes into contention with North American varieties in this market, he was shocked to the core when, last year, the potato division of PinguinLutosa was sold to Canadian processed-food giant McCain Foods.

“I had struggled many years to


## “I WAS DOING THREE FULL-TIME JOBS AT THE SAME TIME – UNDERWEAR, VEGETABLES AND FASHION”

introduce a new, independent manufacturer in Japan,” says de le Court. “My loyalty is to my customers.” Still marching to his own drum, he quit PinguinLutosa and went in search of another independent European processor to represent. It took three months of intensive work, but he struck a deal with Aviko, from Holland. He visited production facilities in Europe and haggled until satisfied that they could modify products and packaging to suit fastidious Japanese consumers. As representative of Aviko in Japan and South Korea, he opened their Tokyo office just days before his EURObiZ Japan interview.

“It is exciting, because now I start from zero again,” says de le Court.

Now a father of two, he sees himself with one foot in Japan and the other in Europe.

“I love Japan, but I am very happy not to be Japanese,” he says. “I like being a foreigner in Japan, and the feeling of never being part of it. You can take the good part and leave the rest to the Japanese.”

For this entrepreneurial trader, it is normal to be just a little different. 

### Do you like natto?

**Title:** President, Beltrade

**Time in Japan:** “22 years”

**Career highlight:** “Being president of the Mich fashion house”

**Career regret:** “I should have been more focused”

**Favourite saying:** “Never say never”

**Favourite book:** “*The Sea of Fertility* tetralogy, by Yukio Mishima”

**Lesson learned in Japan:** “Be happy with what you are”

**Secret of success in business:** “Never give up”

**Do you like natto?:** “No”



# Magnus Nervé

*Asia-Pacific area manager, Haglöfs*

Swedish outdoor equipment and apparel manufacturer Haglöfs recently set up operations in Japan, appointing mountaineer Magnus Nervé as Asia-Pacific area manager. Nervé, who has scaled some of the highest mountains on each continent, has spent the best part of the past 16 years in the consumer products sector in Japan. "We are a premium outdoor brand, targeting high-end professional users," says Nervé. "The outdoors market in Japan is still growing and we see substantial potential for Haglöfs here."



Photo **BENJAMIN PARKS**



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