118TH YEAR NO. 41,177

The Japan Times

Davos Special

Thursday, January 23, 2014







(Clockwise from left) The congress center in Davos, Switzerland, where the Annual Meeting 2014 of the World Economic Forum is taking place. Prime Minister Shinzo Abe makes a speech at the WEF Japan Meeting last June in Tokyo. (From right) Klaus Schwab, founder of the WEF, Schwab's wife, Hilde, Yorihiko Kojima, chairman of the board of Mitsubishi Corp., and William H. Saito, CEO of InTecur, make a toast at the Japan Night event in Davos during the WEF in 2013. SWISS IMAGE,

Japan's economy strong enough to weather tax hike storm

Minoru Matsutani STAFFWRITER

Last year Japan's economy finally refound some backbone, with strong growth, better company earnings, falling unemployment and the key stock index soaring by a half to a six-year high, thanks mainly to Prime Minister Shinzo Abe's economic measures, the so-called "Abenomics."

The positive effect of Abenomics will continue to benefit Japan this year, company executives and economists said. Japan will see wage hikes, surging stock prices, a comfortable exchange rate, and an increase in capital spending and individual consumption, they said.

Abe attended an annual meeting of the World Economic Forum, dubbed Davos after the Swiss resort where it is held, which started Wednesday. He presented the achievements of Abenomics to an audience of the world's political and business leaders.

"I believe Japan will enjoy economic growth this year," Japan Business Federation, or Keidanren, Chairman Hiromasa Yonekura said at a news conference earlier this month. "Economic measures taken by the government will have a big impact, which will overshadow any negative impact of the consumption tax hike"

Yonekura's scenario is mirrored by many other business executives and economists: Japan will have brisk growth in the January to March quarter because people will likely make big-item purchases before the consumption tax is raised from 5 percent to 8 percent April 1. A ¥5.5 trillion supplementary budget during this fiscal year, ending March, will also help. The second quarter will see contraction due to the tax hike, but the economy is likely to recover swiftly in the second half thanks to Abenomics' growth strategies, other measures and overall positive momentum among consumers.

"External factors also look good," he said. The U.S. economy looks good, confidence in the European economy is



(From left) Akio Mimura, chairman of the Japan Chamber of Commerce and Industry, Hiromasa Yonekura, chairman of the Japan Business Federation, or Keidanren, and Yasuchika Hasegawa, chairman of the Japan Association of Corporate Executives, or Keizai Doyukai, shake hands during a joint news conference at a hotel in Tokyo on Jan. 7. KYODO

being restored and developing countries continue to grow, he added.

Still, some business leaders and economists do not share Yonekura's optimism. A survey by the Nihon Keizai Shimbun business daily, published Jan. 3, showed the estimates of this year's growth rate range from 0.2 percent to 1.8 percent among 20 company presidents, with the average of 1.0 percent.

Nippon Life Insurance Co. President Yoshinobu Tsutsui, who gave the 0.2 percent estimate in the survey, said he expects low growth as the weak yen raises costs of raw materials, for which Japan relies heavily on imports. Orix Corp. Chairman and CEO Yoshihiko Miyauchi told The Japan Times that he is unsure of the Chinese economy and it may be a risk factor this year.

Nonetheless, overall sentiment is that the prospects for the Japanese economy are bright. Companies have begun raising salaries.

Some companies last year heeded Abe's continuous pleas for them to give workers more. The move will this year spread to the vast majority of Japanese corporations as business leaders realize it is time for wages to rise

"We have asked member companies to raise wages to realize a 'virtuous' cycle in the economy," said Yonekura, the chief of Japan's largest business lobby. "As a corporate manager, raising wages is always in my mind in order to reward workers' efforts."

Companies had been reluctant to hike wages even with last year's robust economy because of doubts that the growth would be sustainable. The current momentum suggests that the economy is strong enough to offset any contraction of demand due to the April consumption tax hike, and thus wage hikes will create the virtuous cycle that increases purchasing power, which in turn improves company

Japanet Takata Co. President Akira
Takata said his TV shopping company
raised employees' salaries by 3 percent this
month as his company posted a record
profit last year.

"The consumption tax hike is absolutely necessary for the country. Japan will overcome that and make this year a very good one. Consumer sentiment is that high," he said.

Nomura Holdings Inc. Group CEO Koji

Nagai also said much of the gloom has been lifted and people's mind-set is very bright, with the weak yen and high stock prices encouraging consumers to purchase and companies to invest.

Fujitsu Research Institute Senior Research Fellow Hidetaka Yoneyama said the driving force of the Japanese economy from July will be exports and capital spending.

"The U.S. economy is brisk and thus exports will expand. Capital spending will be strong because Japanese companies have limited capital spending to the minimum for the past 10 years and company earnings are also strong," Yoneyama said.

Of course, Japan's economic growth will be smaller this year than last because of the consumption tax hike in April. The overall optimism comes from the notion that the growth rate is not as small as it would be even with the consumption tax

According to an International Monetary Fund estimate in October, Japan's growth rate was going to be 2.0 percent last year and it will drop to 1.2 percent this year.

The growth rate in 2012 was also 2.0 percent and Japan's economy shrank 0.6 percent in 2011, according to the IMF.

According to the government, which releases growth rates on a fiscal-year basis, the rate was 0.7 percent in fiscal 2012, which ended March 2013, and 0.3 percent in fiscal 2011. The Bank of Japan estimates growth rate to be 2.7 percent in the current fiscal year, 2013, and 1.5 percent in fiscal

Fujitsu Research Institute's Yoneyama is relatively upbeat, estimating a 1.7 percent growth rate this year.

He said the 3-percentage-point hike of the consumption tax will contribute to an only 2 percent increase in the consumer price index, or CPI, as some business transactions and government service fees are not subject to the consumption tax.

Business leaders and economists apparently believe 1.0 percent growth, the average estimate of the 20 company presidents in the Nihon Keizai Shimbun survey and the seemingly widely accepted estimate among Japanese business leaders, is not bad for a year when the consumption tax is raised.

On the planned consumption tax hike from 8 percent to 10 percent in October 2015, the Japan Business Federation's Yonekura said, "I would definitely like that to be realized. Economic growth and tax hikes are compatible."

"Japan should realize economic growth and strengthen social welfare at the same time. The consumption tax hike will lead to the government's financial health, which will raise Japan's credibility around the world. People's concerns over the future will be mitigated and consumption will be stimulated," he said.

The brisk economy owes much to Abenomics' so-called first and second arrows — radical monetary easing and fiscal spending — and expectations that the third arrow — growth strategies — will be successful

be successful.

Whether the growth strategies will really be a success will determine how much better the economy will be, business

leaders and economists said.

The growth strategies are composed of many measures, including better utilization of women in the workforce, and deregulation in the medical and agricultural sectors.

"Doing them all is difficult. But things will improve if something that makes an impact is done. I think the TPP (Trans-Pacific Partnership) is one that will be realized relatively soon," Orix's Miyauchi said.

The TPP is a free-trade agreement among countries in the Pacific Rim region. Japan is in negotiations with 11 countries, including the U.S. China has not joined the negotiations.

The member countries had aimed to reach an agreement last year, but the negotiations are ongoing. Businesses welcome the TPP as it accelerates deregulation and has the potential to stimulate the economy while farmers and other people protected by regulations

oppose it.

Among Abenomics' growth strategies, Nomura's Nagai has high expectations of a reduction of the corporate tax, which will encourage foreign companies to invest in Japan.

For Fujitsu Research Institute's Yoneyama, establishing special economic zones, where various deregulation will be implemented, is one of the most important growth strategies.

"If such special zones become successful in bringing in foreign direct investment and other things, we can replicate the success nationwide. That will have a strong impact," he said.

To push deregulation, the Diet passed

several bills in November and December, including ones to set up special economic zones, and deregulate agriculture and the power generation industry.

Realizing growth strategies has a long way to go and Abe is expected to face opposition on deregulation.

"I would like him to implement strong leadership measures and take bold action," the Japan Business Federation's Yonekura

Davos special

'Abenomics' returns spotlight to Japan

Sayuri Daimon STAFF WRITER

Takeshi Niinami, CEO of Lawson Inc., remembers how Japan captured the attention of world leaders gathered in Davos a year ago.

Niinami along with economic and fiscal policy minister Akira Amari and industry minister Toshimitsu Motegi was attending a private session on Japan held on the sidelines of the annual meeting of the World Economic Forum. Although it was the last day of the Davos conference, which fell on a Saturday, many prominent figures, such as American business magnate and investor George Soros, stayed on for the session and listened to them discuss the impact of the so-called "Abenomics."

"I've been attending the Davos conference for the past several years, but that was the first time Japan attracted such huge attention. By attending Davos, you know which country is the center of world attention and you understand geopolitics," Niinami, who is a regular at Davos, said ahead of this year's annual meeting, which kicked off Wednesday.

Niinami said Japan's strong presence in the world is highly important for Japanbased companies. For a long time, Japan had been described as having a revolving door for prime ministers, but the emergence of Shinzo Abe and the success of Abenomics have drastically changed such a pessimistic view of Japan.

"It's all because of Abenomics that many participants began to pay attention to Japan," he said. "It is important for private companies to ride the strength of this tail

wind and utilize it for their business." The Lawson CEO said that the first and second arrows of Abenomics have so far been successful, and the focus has shifted to how to implement his third arrow.

The first arrow emphasized massive monetary easing and the second arrow entailed a sharp increase in short-term fiscal expenditure, especially investment in infrastructure projects. Abe's third arrow is a long-term growth strategy

"Abenomics has created an environment in which companies can take initiatives in doing business, now that we have a favorable environment, company CEOs must leverage this momentum and drive the growth of our economy further," Niinami said, referring to the Industrial Competitiveness Enhancement Law, which



Takeshi Niinami, CEO of Lawson Inc., talks to The Japan Times at a hotel in Tokyo on Jan. 13. YOSHIAKI MIURA

the Diet passed last month and was expected to be enforced Jan. 20. It aims to change the Japanese economy, which is distorted by overregulation, underinvestment and delays in consolidation.

Under the law, the government will create a system where a special provision will allow companies on an individual basis to be exempt from specific regulations if

'By attending Davos, you know which country is the center of world attention.

TAKESHI NIINAMI

related ministers approve business proposals by such companies.

Niinami said new business ideas can be implemented even in the convenience store industry. For example, Lawson can connect doctors or pharmacists at call centers with its customers and offer minimum medical services, such as providing blood tests or advice on medication via TV screens installed at Lawson stores. Taking advantage

Beyond the Boundaries

of its 24-hour operation, customers can communicate with doctors without going to

Such a business idea may become a reality if the government gives it the green light. Niinami believes if one company begins such a service, it will trigger innovation in other sectors. "Competition will spark more innovation, and the advancement of information and communications technology will also support this," he said.

Niinami also said the Japanese economy needs to depart from its traditional structure of focusing on manufacturing sector growth and the long-standing tax system that is based on the premise that women stay home to take care of their families.

Japan's economic engine has long relied on the manufacturing sector, but such a period is over, Niinami said. "Now, we are living in a society where the service sector will pull the economy and to do that, we need further deregulation," he said.

The tax system should also be changed to encourage women to work outside households, he said. In Japan, if a wife earns more than ¥1.03 million a year, she will no longer be a dependent of her husband and will have to pay tax according to her income. Once the salary reaches ¥1.3 million, she

Impact of 2020 Olympics, Paralympics being felt

Minoru Matsutani STAFF WRITER

The scheduled 2020 Olympics and Paralympics in Tokyo have had a tremendously positive impact on Japanese people's mind-set, playing a large part in the return of a brisk economy, said a government official in charge

of preparations for

the games. "The fact that **Takeo Hirata**

Tokyo was selected to host the games makes a huge contribution to getting Japan out of deflationary sentiment," said Takeo Hirata, director-general, Office for the Promotion of the Tokyo 2020 Olympic and Paralympics Games, Cabinet

The professor at Waseda University also said, "Students now think about what they are doing in seven years."

"Before, they read newspapers and everything they read was negative and gloomy. Now there is light in the future and university lecturers are also in a mind-set that sees them talk to students about a bright future," he said.

According to The Mori Memorial Foundation's estimate, the games will have an economic impact of ¥19.4 trillion for Japan. That is equivalent to about ¥1.4 trillion annually, or about 0.3 percent of the country's GDP. The impact includes an increase in the number of foreign tourists, building new hotels or renovating existing ones, other various urbanization projects, an increase in

employment in related industries and the so-called "dream effect," the increase in individual consumption

stemming from the celebratory mood. In his capacity as the government representative overseeing preparations for the games, Hirata is meeting with Tokyo Metropolitan Government officials, Japanese Olympic Committee officials and others in related fields.

"The metropolitan government and the sports industry will do the actual preparations, and my office will coordinate with them and the central government," Hirata, who has been involved in sports promotion in Japan such as the J League, said.

Among many preparations necessary, building barrier-free infrastructure is one of the most important, he said. For example, logistics from Narita or Haneda airports to central Tokyo will have to be barrier-free so that physically disabled people can smoothly come to participate in the games

He would also like to promote a "barrier-free mentality" by enlightening the general public about the importance of helping the disabled and each other.

For example, in a society that has this barrier-free mentality, not only station officials but also passengers help the disabled to get on and off trains, he said.

"The barrier-free mentality, easy access from airports to an urban area and other infrastructure will remain after the games. Especially, the barrierfree mentality will remain as a Japanese tradition," he said.

Hosting the Olympics and Paralympics often triggers social reforms in the host country, as happened in London during preparations for the 2012 Games.

YGL program inspires, educates

Atsushi Kodera STAFF WRITER

Oisix Inc. President Kohey Takashima's ambition has transformed his online food retail startup into the leading player in the industry in just over a decade, but his nomination as a Young Global Leader by the World Economic Forum has awoken in him another mission: to contribute to

will not be covered by her husband's health

insurance and pension. As a result, such a

system has prompted many women to stay

Niinami, who also serves as vice

chairman of the Japan Association of

Paralympics, and called it the "fourth

arrow" for economic revitalization.

Corporate Executives, welcomed Japan's

generation can look forward to. With the

Olympic and Paralympic Games, young

people will have a dream," said Niinami,

who led the business association's support

Once Japan starts to move forward to

prepare for 2020, people's mind-set will

change. To win as many gold medals as

to nurture young athletes and such a

competitive mentality will make Japan

a clear target and time frame, Japan can

the Japanese people, he said.

will initiate many changes.

possible, Japan will begin thinking of ways

strong, he said. He also mentioned that with

exert the aggregate power of its people and

strive to achieve such a goal. Uniting efforts

to meet a deadline is one of the strengths of

The Olympics and Paralympics in 2020

"More people will need to speak foreign

languages such as English and Chinese, and

improved to assist foreign tourists. Japanese

While it will boost the nation's tourism

various signs on streets and stores will be

towns and cities will transform into ones

that can express hospitality," he said.

beyond the Tokyo metropolitan area,

more innovative designs, such as

the aging society, he said.

towns and cities will also change to have

introducing universal designs to cope with

winning bid to host the 2020 Olympics and

"We can create something that the young

home and be dependents.

for the 2020 Games.

Takashima's involvement with the forum of YGLs where, according to the WEF, "a unique, multistakeholder community of more than 900 exceptional young leaders... commit their time and talent to make the world a better place," made him realize he must think "not only of my company or myself, but what I can do to contribute to society and that I must translate this commitment into action."

The realization led him to start his involvement in nonprofit efforts, including the establishment of the Table for Two International (TFT) and BEYOND Tomorrow projects.

TFT, conceived by YGLs nominated in 2005 and established as a nonprofit organization in 2007, recognizes that 1 billion of the world's 7 billion population suffer from malnutrition, while another 1 billion suffer from obesity. It attempts to rectify the imbalance by what it calls a "calorie transfer" scheme, which works this way: A customer pays an extra ¥20 per consumed low-calorie, healthy meal as a donation at participating restaurants or cafeterias, which hand the money to TFT. TFT makes sure each ¥20, which is roughly the equivalent of the price of a single school lunch in poor developing countries, is used to provide nutrition to children in those countries.

This way the scheme, the group believes, benefits both sides of the "table" — the donors with overnutrition issues and the children suffering malnutrition.

Takashima actually began his involvement in the start-up process of the nonprofit group even before he participated in the WEF's leadership training program where YGLs are urged to start their own initiatives to create a better world. As a board member of TFT, he made calls to major companies that have a canteen, asking them to participate in the program. Over 600 companies, universities, government offices and other organizations participate in the program in Japan alone.

"I think TFT is the most successful case among the initiatives by YGLs," Takashima said. "That's why we get steady support from the WEF and it has expanded its areas to include 11 countries, which also owes a lot to their support."

Takashima, who has completed his sixyear tenure as a YGL and now belongs to the YGL Alumni Community, attributes the initiative's success to the solid ties among the Japanese YGLs and alumni.

"We have formed a great community," he said. "It began to take shape with us (the 2007 YGLs) after we started regular breakfast meetings, which helped form the community."

When the Great East Japan Earthquake and tsunami devastated the Tohoku region, and impacted large areas of Japan on March 11, 2011, Oisix's operations faced major difficulties as trucking companies focused on delivering relief supplies to the devastated areas.

But even as his mind raced for solutions for the distribution crisis and measures to counter the radiation scare that seemed

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Kohey Takashima, Oisix Inc. president and a Young Global Leader alumnus of the World Economic Forum, holds up a renkon (lotus root) during a company event in which employees experience harvesting vegetables with an Oisix contracted farmer in Chiba Prefecture in April 2007. OISIX INC.

sure to affect food retailers, Takashima's thoughts went to the areas devastated by the disaster. Just three days after the quake, he started to discuss with three of his fellow YGLs what they could do for the victims in an online meeting at midnight.

Responding to a call by the four, some 20 YGLs convened a week later despite their equally busy schedules, to discuss the issue. The meeting eventually led to the formation of BEYOND Tomorrow, an incorporated foundation that provides scholarships and leadership education to young victims in the region, in June 2011.

Takashima, along with James Kondo, the country manager of Twitter Japan KK. Chikara Funabashi, the founder and chairman of Will Seed Co., and Kumi Fujisawa, the co-founder of Think Tank SophiaBank — the four who participated in the midnight discussion — now serve as the representative board members of the foundation, and 20 members of the YGL

community provided the initial funding. Takashima recounts in his memoir, "Life Is Vegetable," BEYOND Tomorrow's first program in which it took seven high school and university students from the devastated areas to WEF's "Summer Davos" meeting in Dalian, China, for three days in September 2011. There they shared their traumatic experience and talked about their determination for the future from the podium usually reserved for prominent leaders from around the world. Their speeches brought tears to the eyes of the

audience who responded with thunderous

It was only a three-day program, but the students had pure hearts and learned so much like a sponge. They grew amazingly quickly," he writes. Encouraged by the enthusiasm of the world leaders, three of the youths "in fact woke up to a sense of mission and went overseas to study... they had a life-changing experience in just three

days." Seeing them undergoing a dramatic change has made Takashima realize what leadership education should be like, he

From the precarious beginnings when there were only a couple of orders per day, Takashima's company, which through its Oisix website delivers safe, organic fresh foods to homes and responds to orders of even a single item, has become a major e-commerce operator with 4,000 sold items and a total of 1 million unique users, generating annual sales of some ¥14.6 billion.

Takashima was 33 in 2007 when he was nominated as a Young Global Leader to become part of the YGL Forum.

Although at the time he had only a general idea of what the WEF or its famous annual meeting in Davos, Switzerland, was about, he decided to accept an invitation to join a WEF meeting in Dalian. In addition to waking him up to his social responsibilities, the experience also **CONTINUED ON PAGE B3**



We Are Beginning the Next Era.

The Oji Group has survived various changes in era during its 140-year history.

Today, global-scale changes in the economic climate have once again prompted us to make

structural reforms in preparation for the next era.

With an open mind free of conventional constraints and preconceived notions, we are promoting

further globalization, developing high value-added products, cultivating new resources, and

producing products that satisfy lifestyle and industrial needs through the customer-in approach,

as we embark on a new journey into the future

Davos special

Young entrepreneur out to change education

Masaaki Kameda STAFF WRITER

The Global Shapers are highly motivated young people between the ages of 20 and 30 with the potential to be society's future leaders, according to the World Economic Forum, which selects them based on several factors, such as their initiative, commitment and potential to "make a difference.

There are more than 3,000 members around the world in the Global Shapers community, which was created in September 2011, with about 50 of them hailing from Japan.

Yusuke Matsuda, founder and CEO of Teach For Japan, is a Tokyo-based shaper. Matsuda is eager to make a difference in the field of education by dispatching talented and trained personnel to address issues confronting children and schools.

Matsuda said education being offered in Japanese schools is behind the changing times, and issues involving classrooms and society are becoming diversified and complicated, making him realize that personnel who can resolve those challenges are sorely needed.

This is where the non-profit organization Matsuda founded in January 2012 comes in.

CONTINUED FROM PAGE B2

Takashima recalled.

business.

expanded the way he looked at his

business. In particular, chatting with other

YGLs opened his eyes to the need to have

"When I explained to participants from

a more global perspective in operating a

other countries what we do, they would

say 'Oh, organic foods, that sounds cool!'"

"They would then typically ask 'How

say 'Only in Japan,' but they would respond

That "Why?" came as a culture shock to

Yokohama-born man like myself looking at

This experience led him to open Oisix

Hong Kong, the Chinese version of the Oisix

the Japanese market for my business... it

seemed like national borders are not in

many countries are you in?' and I would

'Why (not in other countries)?'

Takashima, as it clearly indicated his

market, instead of "for example, a

their consciousness," he said.

counterparts were looking at the global



Yusuke Matsuda, founder and CEO of Teach For Japan, is pictured in his office in Tokyo in January. YOSHIAKI MIURA

"I think people with leadership abilities who can offer solutions to various problems and who could be role models for children should be in classrooms," said the 30-yearold. Matsuda and his colleagues at TFJ

select, train and dispatch "TFJ fellows," who

Ex-YGL works to feed the hungry

website, in 2009, he said. The company

went public in the Mothers section of

Tokyo Stock Exchange in March last year. As someone with a business background involved in nonprofit activities, Takashima believes people like himself have unique assets and experience to offer to nonprofit activities, and hopes closer cooperation between them and people with exclusively nonprofit backgrounds will help further

common causes "I would think these two types should mix more," Takashima said. "Just as there are lots of things those nonprofit types of people can offer to businesses, business people can put their managerial, marketing or accounting skills to good use

in nonprofit activities." "And that's where I can come in. I can approach nonprofit activities with my managerial skills. Call it a publicity stunt or what you may, but I know it's what I'm worth and it's what I'm offering nonprofit

are motivated and passionate about bringing change to Japanese education.

Matsuda and the organization have set themselves a lofty goal, wanting "to realize a society where all children can receive highquality education." Matsuda added, "Highquality education means providing children with the ability to use (what they learned in class), communication skills and independence. It's not cramming or knowledge-centric education."

What is unique about TFJ is that it sets out to reach children who are in "the most difficult circumstances," including those suffering from classroom breakdowns or economic hardship.

"I don't think we can realize our goal if we set our sights on (the elite)," who are the typical focus of traditional government policies, Matsuda added.

"We'd like to provide the other children with the best education. If we can accomplish that, we would be able to apply the measures to children in less severe situations as well," Matsuda said.

The TFJ fellows are generally sent to public elementary schools or English classes at public junior high schools for two-year terms, according to Matsuda. They are given opportunities to experience personal growth through experiencing difficult teaching environments, where they can acquire communication, leadership and management skills, Matsuda said. What Matsuda expects from the TFJ

fellows is not only the reform they could possibly achieve, but also the impact they could have on society after they leave the schools and move onto other jobs.

"I believe the fellows can help improve the situation for children in the short term, but that's not enough to overcome the growing issues," he said, pointing out the need for society's involvement in providing a better educational environment.

Matsuda hopes the TFJ program will produce personnel with knowledge of hands-on education, who could go on to contribute to educational reforms from various positions in both the private and public sectors.

"Some may remain in schools, while others may prefer to work in other fields, but they retain the passion to change education from the outside. One may want to create a system to ease the burden on busy teachers; another may see the necessity to change politics; while others may want to join the education ministry to create concrete policies. Eventually, we'd like to improve education and nurture children by involving society," Matsuda

TFJ dispatched the first batch of 11 fellows last April to schools in the Kanto and Kansai regions, and the second group is expected to start their two-year assignments from April, according to Matsuda.

Matsuda, himself a former junior high school physical education teacher in Tokyo, had a difficult road before he launched TFI in 2012. His story started when he was a junior high school student and was bullied by classmates.

"I was saved by a teacher who saw the bullying and he led the way to get through it. I think I was able to change myself thanks to him," recalled Matsuda, who became a teacher in 2006 after graduating from college Matsuda was determined to repay the favor and paid careful attention to students who were in situations similar to his

However, Matsuda's life as a teacher ended in 2008 after he lost his confidence to stay motivated in front of his students.

"I saw colleagues who faced the blackboard, not the students, during class or who blamed students for classroom breakdowns. I heard they used to have passion for teaching, but after seeing them I wasn't sure I could stay motivated," Matsuda

As he believed he shouldn't stand in front of students any more, Matsuda thought about how to increase the number



TFJ founder Yusuke Matsuda (back row, fourth from right) poses with "TFJ fellow" hopefuls. NATSUKIYASUDA

of adults who can give their all to children. Matsuda at that time considered creating a school, which led him to study management and leadership.

"I couldn't find any Japanese graduate schools that suited my interests, so I searched for programs at schools abroad," Matsuda noted.

It was an encounter with an organization at the Harvard Graduate School of Education in the United States, where Matsuda had enrolled in 2008, which changed his future.

"I was greatly inspired by the activities of Teach For America, which was achieving through the involvement of society what I hoped to do through a school. I thought I must develop such an effort in Japan," he

The non-profit Teach For America was founded by Wendy Kopp in 1989 with a mission to ensure "kids growing up in poverty get an excellent education" by recruiting "a diverse group of leaders with a record of achievement who work to expand educational opportunity, starting by teaching for two years in a low-income community."

Under the global network of Teach For All, there are currently 32 similar organizations in the world, including in Australia, Bangladesh, Chile, Malaysia, Spain and Thailand.

Matsuda noted that about a quarter of his classmates at the School Leadership Program were TFA alumni, and he was impressed with their strong motivation to bring about education reform.

He studied the American organization for his masters' thesis and went to work on creating the Japanese group upon

graduating in 2009.

After a brief stint at consulting firm PricewaterhouseCoopers Japan, Matsuda began full-scale preparations, which led to the launch of TFJ in 2012.

Matsuda said there are some challenges facing the organization that need to be overcome.

Firstly, securing financial resources to run the organization is difficult and Matsuda noted it's necessary to find partners who are willing to invest as soon as

"If we had enough funds to run the organization for a couple of years, then we could focus on strategy and building the organization. It's often said Japan lacks a donation culture, so we'd like to work with partners to create such a culture," Matsuda

Teaching licenses pose a second challenge as TFJ currently can only recruit personnel with teaching licenses, which are required to work in classrooms.

We think diverse people should be able to teach in schools. We hope to create a system enabling qualified personnel with various backgrounds to teach, even if they don't have licenses. I'd like to see this happen in the next three to five years."

Lastly, Matsuda would like to see a change in Japan's employment practices, under which new graduates are typically hired and where a lack of mid-career employment exists.

"We'd like to create an environment where 'alumni' of our program will be hired to play active roles as leaders in society. We hope to work together with companies to create an employment culture that makes the most of personnel diversity."

(Publicity)

Reshaping Japan's next decade

Tokyo Foundation fellows discuss change and continuity in an increasingly interconnected world moderated by Tokyo Foundation President

ne current Shinzo Abe administration — the first in six years to benefit from a majority in both houses of the Diet — has been passing key legislation and pushing through longdelayed reforms.

Among the most notable achievements in its first year have been a return of business confidence, sparked by the "Abenomics" program of economic growth; institutional changes enabling Japan to make a more "proactive contribution to peace" in reaction to a vastly transformed security environment; and steps to encourage greater social diversity, such as through an expansion of women's career opportunities.

These reforms seek to radically enhance Japan's interconnectivity with the world and revitalize a nation that had been plagued by



Tatsuo Hatta, distinguished fellow, Tokyo Foundation; director, Keizai Doyukai Center for Policy Study and Analysis; president, International Center for the Study of East Asian Development; former president, National Graduate Institute for Policy Studies; member, Council on Special Economic Zones, Cabinet Office

two "lost decades" of economic stagnation. In a specially organized round table, three Tokyo Foundation distinguished fellows — Tatsuo Hatta, Shinichi Kitaoka and Yoriko Kawaguchi — assessed the policy agenda advanced by Prime Minister Abe, and analyzed the issues and challenges that lie ahead in re-establishing Japan's global presence. The session was

Masahiro Akiyama. The Tokyo Foundation is an independent, not-for-profit public policy think tank with a broad network of influential global partners, and a team of highly respected and widely quoted research fellows.

Is Abenomics working?

Akiyama: Mr. Hatta, you've been closely involved in shaping the prime minister's efforts to advance regulatory reform. Would you give us an overview of what Abenomics is all about and why it was adopted?

Hatta: Japan's gross domestic product had been stuck at around ¥500 trillion for 20 years and something had to be done to rejuvenate the economy. One explanation for the lack of growth is that a rigid monetary policy kept the yen's value extremely high. So the first arrow of Abenomics reforms was quantitative easing to end deflation and boost investment, and, at least for the time being, it seems to be working. Share prices have shot up 45 percent over the past year, compared to the global average of 11 percent.

The second arrow was a boost in fiscal spending. Considerable concern has been voiced about exacerbating Japan's perilously high government debt. But it could be argued that the administration has decided to front-load the public investments that are going to be needed in the near future anyway. Personally, I think the government needs to be far more selective in how it spends its money and to eliminate wasteful expenditures, but in terms of fueling the recovery, the fresh spending has been somewhat

effective. The third arrow of structural reform is to break up entrenched interests, which are stifling Japan's long-term growth. One major factor behind Japan's postwar economic "miracle" was the eradication of prewar interests that allowed innovative business leaders to build powerful, global companies like Honda, Panasonic and Sony. But the various industries that developed in the postwar period are now jealously guarding their interests and are reluctant to open the door to new players.

Needless to say, breaking up vested interests is a very difficult political task. Although Prime Minister Junichiro Koizumi achieved some success in structural reform, his successors have opted for easy solutions, leading to a landslide victory by the Democratic Party of Japan. Shortly after the victory, however, the DPJ became cozy with interest groups. The Abe government cannot afford to repeat these mistakes. Since the prime minister will be unable to make any headway if he turns all the



Shinichi Kitaoka, distinguished fellow, Tokyo Foundation; president, International University of Japan; chair, Prime Minister Abe's Panel on National Security and Defense Capabilities professor emeritus, University of Tokyo; former ambassador to the U.N.

lobbies against him, he'll need to be selective. Employment might be a good place to start, introducing greater labor mobility and social dynamism by bolstering the rights of nonpermanent, nonunion

Rising security threats

The Japan Times

Akiyama: In addition to economic reform, the Abe Cabinet has been advancing major policy initiatives in the area of national security. A law to create a national security council was recently enacted, as was legislation to strengthen the protection of state secrets.

Kitaoka: These are issues that the prime minister tried to address in his first term, back in 2006-07. A bill was drafted then to create an NSC, which I helped author, but this - along with the issue of the right of collective self-defense — failed to pass owing to differences of opinion within the

Liberal Democratic Party. An NSC is an urgent priority since national security is an area where sectionalism must be avoided; this is clear from Japan's prewar experience, when opinion was divided between the Foreign Ministry and the military. An NSC would be able to formulate foreign and security policies from a broader perspective in line with national interests, and enable a more flexible response.

I think one reason that the prime minister was able to get the NSC bill through the Diet this time was recognition of heightened security threats. The Chinese defense budget has quadrupled over the past 10 years and North Korea has nuclear capabilities in addition to missile technology while Japan's budget has been declining. There has been growing recognition — in the LDP and the DPJ — of a need for an organization like the NSC in response to such changes in the global environment.

A national security strategy was also recently outlined for the first time and new National Defense Program Guidelines were formulated. Both are the joint products of Cabinet ministers and an advisory panel, of which I was chairman. The guidelines call for "integrated mobile defense" capabilities in Japan's southwest islands that will hopefully reduce some of the sectionalism referred to earlier. These are all institutions and policies that would be normal in any democracy, and they are but very modest steps in addressing the shortcomings of Japan's security framework.

Anyone with any knowledge of history would know that Japan has no intentions of becoming a military power and reviving its prewar policy of aggression. Japan has been contributing to regional peace and stability through official development assistance since the 1950s, began taking part in U.N. peacekeeping operations in 1992 and endeavored to address the root causes of global conflict through concepts like human security in the 1990s. A more "proactive contribution to peace" announced by Mr. Abe is a natural extension of these tangible achievements and I think it's a highly welcome development.

Kawaguchi: In terms of PKOs, I think there's a lot more that Japan can and should be doing. But because of Japan's constitutional constraints on the use of force, there's a strong tendency to think twice about dispatching personnel into

Abe's Yasukuni visit Akiyama: What ramifications do you think the prime minister's visit to Yasukuni Shrine late last year will have on Japan's

security environment?

Kawaguchi: I believe that politicians have a right, just like anybody else, to follow their religious beliefs. The prime minister



Yoriko Kawaguchi, distinguished fellow, Tokyo Foundation; professor, Meiji University; former minister for foreign affairs and minister of the environment; former member of the House of Councillors

has said that he went to Yasukuni to pay his respects to all those, Japanese and foreigners, who gave their lives in the war, and vowed that Japan must never wage a war again. Some countries in Asia, though, are trying to portray him as a right-wing, warmongering nationalist. Perhaps Japan needs to do a better job of explaining the nature of the shrine.

Japan did make mistakes in the past, and caused suffering and damage to the peoples of other countries. This should not be repeated, and Japan has thus steadfastly worked to bring peace to the region and has helped other countries become prosperous over the past 70 years. It has deeply entrenched democratic values and system of government. These will not change and this is what Japan would like the world to

Dynamism through diversity

Akiyama: Mr. Abe has also emphasized the need to expand employment and advancement opportunities for women to boost national strength.

Kawaguchi: There's certainly a need to boost diversity. In the Global Gender Gap Report, issued by the World Economic Forum, Japan's ranking in gender-based disparities has fallen over the past three years, from 98th to 105th. I know that efforts are being made to narrow the gender gap, but the results show that other countries are

K

doing even more.

So the Abe administration's call for the fuller utilization of women as human resources is significant, not just from the viewpoint of raising productivity or easing a abor shortage but also for bringing new and different perspectives into the social

An expansion in the number of child care facilities is also crucial in enabling women to remain in the workforce after childbirth. There have been so many outstanding women on my staff who have been unable to return to work because their children have been put on waiting lists at day care centers.

Hatta: The government could shorten the waiting lists by allowing new private companies into the industry. Women would participate in the labor force more if general wage levels were raised. One way to attain such an increase is by raising the appraisal standards of public works projects, some of which are now so low that no one bids for them. This could trickle down to other sectors and help boost general income levels.

Kawaguchi: If the third arrow of Abenomics —structural reforms — falls short, then Japan will have squandered a golden opportunity to chart a bright future. There's really not much time. What Japan can accomplish over the next year will be crucial in determining its place in the global community in the decade to come.

Akiyama: And I would also hope that the Abe administration has a full understanding



Masahiro Akiyama, president, Tokyo Foundation; former administrative vice minister of defense; former chairman, Ocean Policy Research Foundation

of the importance of fiscal consolidation in ensuring such a bright future for our country. Thank you all very much for your time today.

The Nippon Foundation Bldg., 3rd Floor, 1-2-2 Akasaka, Minato-ku, Tokyo 107-0052 Japan http://www.tokyofoundation.org/en/



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Celebrating a historic milestone: 150 years of Swiss-Japanese relations

The year 2014 marks a milestone for Japan and Switzerland: the 150th anniversary of the signing of the Treaty of Amity and Trade between the two countries. Thus began a relationship of mutual trust and prosperity, after a group of Swiss watchmakers landed on Japan's shores in 1864. The seeds of this relationship continue to bear fruit today.

Japan is now one of Switzerland's most important trading partners in Asia. Since the signing of a free-trade agreement between the two partners, more economic agreements have been established aimed at promoting trade, open dialogue, and employee benefits. In recent years Takeda, Mitsubi-

shi Plastics, Toshiba, Nabtesco, and Citizen are just a few of the big Japanese companies that have acquired Swiss firms. When asked about the motivations behind these deals, Japanese Ambassador to Switzerland Ryuhei Maeda remarks: "Swiss companies possess high tech and shares in some markets where Japanese companies are not competitive."

"Companies do not establish a foothold in Switzerland merely for tax purposes," notes Heinrich Wegmann, president of the Swiss-Japanese Chamber of Commerce (SJCC). "They come because of the high quality of labor and technology we have to offer."

"Our infrastructure, political stability, and quality of life make Switzerland an ideal place for FDI (foreign direct investment)," adds Marie Gabrielle Ineichen-Fleisch, Switzerland's state secretary for economic affairs.

And, according to Wolfgang



The picturesque city of Zurich — considered the business center of Switzerland

Schanzenbach, regional director for Asia-Pacific at Switzerland Global Enterprise, the relatively small Alpine country with a big global footprint is ideal for businesses because of its geographic location. "We have easy access to the biggest markets in Europe," he comments, "while Japan is an ideal test market for many Swiss companies penetrating Asia.

Similarities between these two nations have allowed their political and economic relationship to flourish. One such aspect is the uncompromising commitment of both the Swiss and Japanese to producing goods of high precision and quality. "Most Japanese people would be

ashamed of producing something unsatisfactory for a customer," explains Ambassador Maeda. "We, Japanese" can thus understand the culture of Switzerland quite easily.'

Bruno Chiomento, country managing partner of EY Switzerland, sums it up aptly: "All we have are our brains, education, and skill. Using these to create products that we can export has always given us the

necessary pressure to be efficient

and effective, and at the same time

not be complacent." One other key value that both nations share is the prioritization of long-term goals. "A Swiss company will not invest in Japan just to get profit in the next quarter or so, and the same is true for the Japanese in Switzerland," says Rudolf Minsch, interim chairman of Economiesuisse. "This explains the prevailing positive sentiment toward Japanese acquisitions of Swiss firms.'

"It shows the Japanese way of approaching business," says Paul Peyrot, managing director of SJCC. "They are not corporate raiders but strategic investors.

Political and business leaders from both nations are optimistic on the future of the Swiss-Japan

Our infrastructure, political stability and quality of life make Switzerland an ideal place for FDI."

- MARIE GABRIELLE INEICHEN-FLEISCH



other."

— RYUHEI MAEDA Japanese Ambassador to Switzerlan

partnership. "More importantly, now is the time for Swiss companies to consider investing in Japan. The energy, environment, medical, pharmaceutical industries, and next-generation infrastructure investment are attractive based on their growth potential and the weaker yen," says Koichiro Nakamura, director general of JETRO in

Ambassador Maeda believes that the celebration of the 150th anniversary this year will be a welcome reminder of the value of this long-standing relationship. He concludes: "The people of both countries will once again realize the importance they have for each

WEF 2014 stays ahead of the curve

Q&A with Prof. Klaus Schwab, founder and executive chairman of the World Economic Forum

What can we expect from the 2014 Annual Meeting?

The 2014 Annual Meeting will be held under the theme "The Reshaping of the World — Consequences for Society, Politics and Business." We will take a closer look at the profound political, economic, social and above all — technological forces that are transforming our lives. Power is shifting from traditional to networked hierarchies. Yet, the international community remains in crisis mode — rather than strategically driven — in the face of the forces creating global, regional and industrial transformation. Our aim is to develop the insights, initiatives and actions necessary to respond to current and emerging challenges.

What are some of the priorities and future development strategies of the World Economic Forum?

The World Economic Forum is constantly evolving as an organization. One way to do this is to invite fresh voices to chal-

For this reason I'm proud of our Global Shapers community:

The Swiss Army Knife is

one of the most iconic ob-

jects of the last century and

is beloved by millions of people

around the world. It has accom-

panied daring expeditions to the

North Pole and Mount Everest,

and — in many recorded instanc-

es — even saved lives. Yet, few

people would guess its humble

Karl Elsener, founder of Vic-

torinox, started producing house-

in the heart of Ibach, Switzerland,

would become his company's

signature product: the "Swiss Of-

ficer's and Sport Knife."

beginnings.

ficial name

with its young, entrepreneurial "millennials" from nearly 300 city-based hubs worldwide. The youth are greatly under-represented in global affairs, and young people with great potential for future leadership need a global platform.

Another institutional milestone is the introduction of TopLink: an online platform for our members and constituents to engage with each other bevond our face-to-face meetings. and thus ensure more seamless multi-stakeholder cooperation.

What are some of your predictions for market trends in the global economy?

I'm generally optimistic in my outlook on the global economy, but all individual predictions have limits. From the numerous conversations I have had recently, I would single out three key trends for the global economy to watch closely: 1) the quantitative easing of the Federal Reserve with its linkage to "Abenomics"; 2) China's approach to reforming its banking sector; and 3) the political will of EU member states to



tural reforms to increase their competitiveness.

What business opportunities do you see between Switzerland and Japan?

Both countries have a highly developed technology sector, and are driven by innovation to stay ahead of the curve. Switzerland is a promising place in which to invest — it was named one of the most business-friendly countries in Europe, and topped the World Economic Forum's Global Competitiveness Report for five years. ◆

Three 'joys' mark Swiss success

Tthe second-largest Japanese carmaker, is in fact the world's largest producer of internal combustion engines — producing more than 14 million each year that are distributed around the globe.

In this year marking the 150th anniversary of diplomatic relations between Japan and Switzerland, Honda is also celebrating its 40th year in the Alpine country. Honda has been the top-selling motorcycle brand in Switzerland for two years in a row and its total engine sales have already surpassed that of most other car brands. Honda in Switzerland used to com-

until 2011. That year, the two were merged into one in order to take advantage of mutual synergies under the common denominator of the Honda brand. "We took into consideration the improvement of our brand presence in Switzerland and decided to work together more than before," explains Hiroshi Nomura, president of the newly created Honda Motors

Switzerland. "Honda's philosophy is to continuously improve itself to deliver the highest quality with its cutting-edge technology," Nomura says. "Under this philosophy, Honda will introduce

Tonda, the world's largest mo- prise two separate companies — one impressive models in the coming torcycle manufacturer and for autos and one for motorcycles — years that will have features such as alerts for drivers from roadside signals. We expect to appeal to a greater number of customers with our new advanced technology features."

The company's technological edge in the Swiss market has been coupled with its strategy of increased manufacturing in Europe to further reduce the negative influence of factors such as fluctuating Japanese yen exchange rates, and the earthquake and tsunami disaster in Japan of a few years back, which affected some production plants there. "Most of our car models are now made in the U.K.," he points



Hiroshi Nomura, president of Honda Motors Switzerland

out. "This gives us the possibility of providing better prices for our Swiss customers.'

"What also makes us so successful in Switzerland is that Honda has a history of making strong efforts to understand people's needs and thereby consistently satisfy their expectations," Nomura continues. "This is a unique philosophy that differentiates us from our competitors and it is to this that we ultimately owe our success. In Swiss society, quality expectations are very high, but we are always able to meet the expected quality standards. This is why we are well accepted here."

Nomura looks forward to the introduction of impressive new vehicle features this year. "We still see room for improvement in our cars and we're developing new models to introduce in the spring," he explains. "We would like to highlight an increased brand presence in Switzerland for all Honda vehicles and other products. We are interested in making a breakthrough in Switzerland and have much work to do in the coming

"'Joy' is the driving force behind the Honda brand," Nomura concludes. "The '3 Joys' are part of the fundamental principles of the company. They are inseparable, and refer to: the satisfaction of producing great products, the pleasure of selling them, and the gratification felt by customers during their years using Honda products. Only this positive experience, shared by all, gives Honda the right to exist: in Switzerland and everywhere else in the world." ♦ www.honda.ch

worldwide bans on the sale of the company's pocketknives at airports and carrying them inside

shoulder the necessary struc-

Iconic tool is a 21st-century companion

Carl Elsener Jr., great-grandson of Karl Elsener and the current CEO of the family-owned company, regards the period as the most challenging time ever for his company, and a defining one as well. While the ban was in place, greatly reducing sales of Victorinox's signature product hold knives in a small workshop around the world, the company under Elsener Jr. undertook measures to sateguard the jobs of its employees. It even went as far as

to temporarily lend its workers to other companies. The invention — a simple "Because of this, we did not multitool folding knife - bedismiss a single employee," he came an instant favorite among proudly says. "Our company is Swiss soldiers. After World War like a family. We will always do everything possible to guarantee II, the knife became a huge success among American soldiers in our employees' jobs.' Europe as well, who dubbed it the Japan has the world's largest

number of Victorinox retail stores "Swiss Army Knife." Victorinox soon adopted it as the tool's ofand has always been an important market for the company. A The company has seen its new variation of the Swiss Army share of challenges along with Knife, called the "Tomo" (which its successes. But its most severe means "companion" in Japanese) problem came in 2001, after the was recently released. Designed attacks on the World Trade Cenby a Japanese creative team, it reter and the Pentagon in the U.S. interprets the iconic design of the The attacks, which had involved Swiss pocketknife into a simple distillation of Victorinox-inspired the use of box cutters, resulted in simplicity, usefulness, and susthe banning of any sharp objects aboard planes - and that meant tainability within a Japanese con-

> Elsener recalls attending a class on "kaizen," the Japanese philosophy of continuous improvement applied to business and production, as a great influence to how he approaches his work. "Whatever we do, we try to be innovative and we use the Swiss Army Knife as our inspiration," he says. He refers to his late father, Carl Elsener Sr., as an important role

> model. "My father always told

me that an entrepreneur who fo-



As the company expands its product portfolio, they aim to continue embodying the Swiss Army Knife's original values of high quality, functionality, innovation and iconic design

cuses on his people, his customers, and his product cannot go wrong," he explains. In 2000, the company established the Victorinox Foundation — a reserve fund consisting of Elsener family shares that cannot be rescinded.

"All employees, past and present, have built the value of the brand," says Elsener Jr. "These reserves will guarantee the sustainability of our long-term growth,"

Today, Victorinox has products that run the gamut from timepieces and travel gear to fashion and fragrances. In order to unify these product categories, the company launched its first global communication campaign this year: portraying each of its products as a

"Companion for Life." Elsener believes that the tremendous task of unifying its products under one philosophy is achievable due to the mentorship of his father. "I worked with him in the same office for more than 30 years," he relates. "I miss him and I am convinced he still helps me make the right decisions." In the world of Victorinoix, everyone needs his own "tomo." ♦

www.victorinox.com

HONDA **40 YEARS OF PASSION** between Honda and Switzerland

The Honda brand was first introduced on the Swiss market back in 1974 by two entrepreneurs: Mr. Horst Frerichs, who founded the import company responsible for motorbikes and equipment products, and Mr. Claude F. Sage, who was in charge of distributing cars. They both attracted customers by offering innovative products that made life and travel easier. Today, Honda is the world's leading engine manufacturer with 27 million people choosing a Honda product each year.

In 2014, Honda will celebrate its 40th anniversary in Switzerland. Thank you for appreciating our brand and contributing to our long-lasting success in Switzerland!

www.honda.ch

Financial innovation stands on stable Swiss base

Tnion Bank Privee (UBP) is one of the most highly capitalized private banks in Switzerland and a major player in the field of wealth management with over \$85 billion in assets. It has achieved this through strategically adapting to new paradigms as a result of the global financial crisis.

"After the crisis began, realizing the profound changes that were under way in the financial arena, we shifted our focus accordingly, reorganizing our business model and investment offerings for our clients," says Guy de Picciotto, CEO of UBP. "We completely reorganized our activities, found new ways to invest, and refined successful strategies and high-level performance investment solutions

indeed have a strong entrepreneurial spirit."

UBP offers a wide range of capabilities in asset allocation, including equities, bonds, commodities, as well as diversification strategies within alternative investments. "We are a full-scale wealth management bank focused on performance and innovative investment solutions for private and institutional clients alike," he says.

By adopting a conservative approach to risk management, UBP has maintained a solid financial base and a strong balance sheet with high-level liquidity, allowing it to actively pursue growth.

UBP acquired the Swiss subsidiary of Dutch bank ABN Amro in

adapted to our clients' needs. We 2011. The same year, it broadened its operations throughout Asia by establishing two joint ventures, in Taiwan with Taiwan's TransGlobe Life Insurance group, and in Hong

Carl Elsener Jr., CEO of

Victorinox

Acquisitions continued in 2012 with the purchase of the Parisbased hedge fund specialist, Nexar Capital Group, which has offices across Europe and in the United States. In May 2013, UBP announced the acquisition of Lloyds Banking Group's international private banking business, thereby bolstering its influence in the wealth management industry.

"Looking ahead," says de Picciotto, "our future strategy is to continue developing innovative products and solutions for our clients, and to carve out new avenues in Europe, the Middle East, Asia, and Latin America.'

Notably, UBP sees Japan as a very important market, full of potential. "We have a very strong team in our Tokyo office," says de Picciotto. "From there, we provide creative investment banking solutions, tailor-made for institutions throughout Japan. Our focus lies especially on offering high-yield products to Japanese investors."

Encouraging investors to take advantage of Switzerland's unique offering, particularly with regards to private banking, de Picciotto highlights, "Switzerland is a country with no debt, it enjoys a sound economy, as well as stability and security in our market," he says.



Guy de Picciotto, CEO of UBP

"Political stability and security coupled with the best know-how in banking makes UBP unique in our league." ♦

Switzerland

www.worldeyereports.com

Sustainable coffee for Asia's demanding consumers

olcafe knows its coffee and you can smell the aroma as you walk into its offices. "We taste dozens of batches daily to make sure every bean we buy or sell is up to standard," discloses the company's managing director, Jan Kees van der Wild. "We examine everything: from the coffee variety to the 'cup' (industry slang for taste)." It is no wonder Volcafe has been a reliable partner for major coffee roasters and multinational brands globally.

Founded in Winterthur — northeast of Zurich — in 1851, Volcafe now has a presence in over 90 percent of the world's coffee-producing and consuming territories worldwide. Today, it is part of the leading agricultural commodities merchant, London-based ED&F Man.

In Japan, Volcafe's products have been widely accepted ever since consumers were first introduced to coffee around the late 19th century. "We've been in Japan for nearly 90 years, dating back to the Taisho Era," explains Volcafe's regional director for Africa, Asia, and the Pacific, Peter Moser. "In fact, we are the oldest foreign company in the industry in Japan."

Volcafe's long-term presence

has proven a boon as Japan and the rest of the Asian region grow into increasingly important coffee markets. "While coffee consumption worldwide is growing 2 percent to 3 percent per year, it is in double digits in Asia," says van der Wild. "Japan in particular is a very dynamic and high-end market. We see it as a growth area, with Japanese consumers leading the region in their love of better quality specialty coffees."

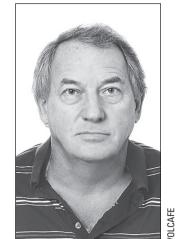
Volcafe's sustainable approach and strong relationship with coffee growers gives it unparalleled access to the finest coffees worldwide. "We provide ways to make coffee-growing more profitable for the farm-

ers," he adds. "We are active in programs that help coffee communities boost yields in an environmentally and socially friendly way."

"We invest in getting to know a country and we do not impose but work together with farmers," van der Wild emphasizes. "Volcafe is not just about numbers and the 'bottom line' but also about promoting market dynamism and studying behavioral trends in coffee consumption."

The company's philosophy is evident in its Japanese operations. "The Japanese have a very distinct culture and our Japanese office has helped a lot in understanding this," Moser adds. "We are happy with our business there. It is stable and not pricedriven. Once you've built up trust with Japanese clients and partners, you can expect a long-lasting relationship."

As an integral unit within the centuries-old ED&F Man group, Volcafe is participating in the



Peter Moser, regional director for Africa, Asia and the Pacific of Volcafe

celebration of its 230th anniversary this year, while retaining its clientcentric and localized approach as it expands in Japan and the rest of the world. • www.volcafe.com

Streamlined services for clients in world's financial strongbox

djusting to the new needs of today's corponeeds or today's corporate and retail customers, Mizuho — the leading Japanese global financial services group — has reorganized its corporate structure. It has created a single bank, a single trust bank, and a single securities unit under its new slogan of "One MIZUHO." Its aim is to provide clients with a wider range of seamless financial services through bankingtrust-securities collaboration and mutual cooperation among its group companies.

"We put a high value on 'Customers First,'" says Iwao Takai, president of Mizuho Bank Switzerland. "This 'One MIZUHO' structure will allow us to serve our clients better by constructing a one-stop channel to our coordinated financial services."

Mizuho Bank Switzerland is a fully owned subsidiary under the Mizuho Financial Group. Within the global group, it is a unique entity focusing on the private banking business.

"We have a 42-year history in Zurich," says Takai, from his office in the heart of the Swiss city's financial district. "In the early 1990s, there were 40 Japanese financial institutions here. Today, only Mizuho and another firm remain."

Taking advantage of Switzerland's universal banking system (a true one-stop banking system), Mizuho Bank Switzerland offers not only banking services but also investment products to its mainly Japanese and Asian high-net-worth clients.

"As wealth shifts from the older generation to the young-

er generation, I expect our business to grow to meet the needs of younger people who will take a more active interest in investments," he explains, "and Mizuho Bank Switzerland has its state-of-the-art infrastructure to provide more flexible services for these demanding clients."

"We employ people of eight different nationalities, which allows us to serve a diverse range of customers better," Takai continues. "Wealth and asset management are growing, and we are here to offer our services to clients."

Mizuho's long-standing history in Switzerland is a testament to the company's dedication to its customers and its trust in the Swiss banking system. As a member of one of the most



Iwao Takai, president of Mizuho Bank Switzerland

prestigious and respected Japanese financial services groups operating worldwide, Mizuho Bank Switzerland remains committed to Switzerland, while remaining a contributing force to the prosperity of the global economy. •

Around the world in 108 years, and counting...

stablished by Alfred Kuoni in 1906 in Zurich, the Kuoni Group prides itself on being a global travel-related service provider operating in every continent in the world. With over 12,000 employees around the globe, the Kuoni Group caters to three main market segments: destination and accommodations services, tour operations, and visa processing.

The group first arrived on Asian shores in 1963 when it opened a branch in Tokyo. For the last 50 years, Kuoni has developed and enhanced its relationship with the

Japanese market, and its loyal clients ized on its Swiss roots by commit-

"Japan is an extremely important market for us," says Rolf Schafroth, CEO of Global Travel Services. "In the Group Travel segment, Japan is our most important market. In fact, the country is the largest single source of business for the Kuoni Group as a whole."

The key to managing such a relationship is summed up by Schafroth:
"We are local where the customer is located and we are local where the supplier is located."

The Kuoni Group has capital-

ting itself to providing quality and innovative services, and its "global localization" has proved to be its main advantage. "Although we are proud of our Swiss heritage, we are not merely a Swiss-based company," says Schafroth. "In Japan, we are a Japanese company. In the U.S., we

are a U.S. company, and so on."

The 21st-century travel industry possesses its fair share of challenges and the Internet — in particular — has proved to be a major hurdle for travel companies such as Kuoni. "It has changed everything irreversibly,"

the independent travel specialist, Gullivers Travel Associates, which has had years of experience in Webbased services. Schafroth believes that Kuoni's ability to stay flexible and its unrelenting commitment to its suppliers during times of distress are the keys to its 108-year success.

Schafroth is positive on the future of the travel industry in Japan. "We are very proud of our relationship with the Japanese," he says, "and as long as we are open, there will always be opportunities for our clients." • www.kuoni.com

Independent advice for the new breed of investor

s foreign investors explore opportunities in Switzerland, the search for a trustworthy wealth and investment management firm is often one of the first steps to take upon setting foot in the Swiss market. It is needed to provide excellent tax and legal advice to make the initial steps smooth and accurate.

Kendris, headquartered in Zurich and with branch offices in Aarau, Basel, Geneva, Lausanne, and Lucerne, is one such leading Swiss provider of family office, trust and fiduciary services, tax and legal advice — as well as accounting and outsourcing services, among others. With its international market under-

standing and local expertise, the firm pays close attention to its private and corporate clients' strategies, and advises them accordingly.

The now independent firm was originally founded as a subsidiary of KPMG Switzerland in 1999, but its roots go back more than 100 years when a group of Swiss entrepreneurs formed Fides Treuhand-Vereinigung in 1910.

Kendris has acquired a keen understanding of Japanese business, having serviced Japanese and international investors' overseas activities for years. "We are able to build a bridge between the investor's country and its investment destination,

making sure that the relevant regulatory and compliance aspects are met, in addition to the investment-driven success factors," says Adrian Escher, the company's CEO.

Before heading Kendris, Escher was a partner at KPMG Switzerland, where he developed markets in Asia, the Middle East, Eastern Europe, and Scandinavia.

"Clients that are planning to invest normally ask a lot of questions," he explains. "We guide them personally through all steps of their projects and take positions in their investmentholding structures to ensure that they run smoothly, and in compliance with all relevant laws and regulations. We are always asked multiple questions by our clients, and we patiently listen to each and every firm's clients include high-net-worth individuals, families, companies, financial institutions, and law firms

"That's what differentiates us from other companies," Escher notes. "We give a high priority to project management, that investments and business plans can be implemented with high precision, and an understanding of the cultural and business expectations of Japanese clients vis-à-vis their Swiss advisor. We have a fundamental understanding of critical topics that are relevant

to Japanese business partners."
"Switzerland has many opportunities for investors to explore," he says. "It is a hugely attractive place for innovation, research and development. We welcome foreign investors to this region." ◆



Switzerland has many opportunities for investors to explore. It is a hugely attractive place for innovation, research and development.

We welcome foreign investors to this region."

— ADRIAN ESCHER



Read local, think global



The Japan Times, now incorporating The International New York Times

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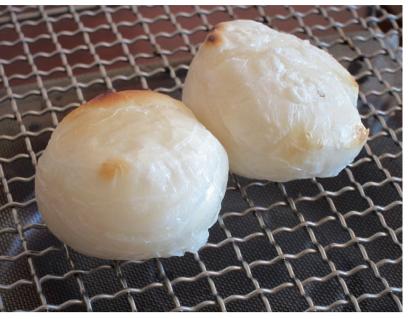
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(Clockwise from bottom left) An array of Japanese mushrooms, in season in the fall. Bitter mountain vegetables called *sansai* are a harbinger of spring. A typical *osechi* or New Year's feast. *Mochi* or pounded rice cakes are a staple of the new year. They are also used as offerings to the gods, to ask them for good things in the year ahead. *Bento*, packed portable lunches, are a part of everyday life in Japan. They can be simple, homemade affairs, cheap and cheerful ones from a convenience store, or elegantly refined like this bento from Hikage Chaya, a 1-star Michelin restaurant in Hayama, Kanagawa

Japan's traditional washoku cuisine feeds body and soul

Makiko Itoh
SPECIALTOTHE JAPANTIMES

Whenever I am away from my homeland for too long, there is one meal that fills my dreams. At the center is a bowl of plain steamed rice, white and glistening. On the side, a steaming bowl of fragrant miso soup. There's fish, perhaps sanma (Pacific saury), so hot from the grill that its skin sizzles when a splash of soy sauce is added, and a mound of refreshing and sharp grated daikon radish on the side as a foil to the oiliness. And in the corner, a small plate of crunchy tsukemono, pickled seasonal vegetables.

Whenever I ponder the question of what *washoku*, the quintessential Japanese cuisine, is, this is the meal I think of. It is simple yet complicated, plain yet sophisticated. It is salty, sour, sweet, slightly bitter and full of *umami*. And it is beautifully presented. Washoku does not hit you in the face with spice or other flamboyant flavors. It is a gentle caress as it satisfies your senses.

When washoku was designated as a UNESCO Intangible Cultural Heritage of Humanity this past December, there was some confusion outside of Japan as to what this meant. While some Japanese dishes have become popular worldwide in the past couple of decades, washoku remains a mystery for many.

What is washoku?

Washoku when written in kanji characters, 和食, is made up of the character wa, which indicates Japan or Japanese, and shoku, which means food or to eat. It is just one of the types of cuisine that make up what's known as Japanese cuisine; the others are chūka, or Chinese cuisine that's been adapted to Japanese tastes (the term is also

used for Chinese cuisine in general), and *yōshoku*, European-style cuisine that's been similarly adapted. Washoku is the type that is considered to be the most traditional and most indigenous, the most Japanese or wa of these

The importance of the seasons

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The roots of washoku do go back at least to
the courtly Heian Period (794-1185). Given
that much of Japan has four very distinct
seasons, especially in the region around
Kyoto, where the Imperial court resided for
hundreds of years, it's no wonder that
seasonality plays such a strong role in so
much of Japanese culture. Everything from
traditional forms of poetry such as haiku
and tanka, decorative elements of dress and
architecture, and even the indigenous
religion of Shinto is infused with
seasonality.

Washoku is no exception. The peak season of a particular ingredient is called its *shun* (旬) and the shun of key foods are eagerly anticipated: tender bamboo shoots and *nanohana* (rapeseed buds) in spring; refreshing cucumbers and melons in summer; chestnuts and mushrooms, and sweet potatoes in fall; tart and sweet citrus fruit in winter.

The importance of shun extends way beyond fruits and vegetables. Fish, a supremely important part of the cuisine of a nation that is a long archipelago surrounded by the sea, also has its seasons, depending on when it's considered to be tastiest.

Bonito or skipjack tuna (*katsuo*) is enjoyed in spring to summer months when it has shed its winter fat, while amberjack or *buri* is considered at its peak in the coldest months, when it's called *kan-buri* and commands a premium price. Even the humble and ubiquitous salmon is enjoyed

at various stages of its development, the peak being late fall to early winter when it is fat and juicy.

Even staple grains have their seasons in Japan. *Shin-mai* or new-harvest rice, available in fall, is one of the most eagerly anticipated seasonal foods; high in moisture, it has a subtle sweetness and stickiness that is greatly prized. Newly harvested and ground buckwheat (soba) was the highlight of the year for people in buckwheat-growing regions like *Shinshū* as well as for the people of Edo, the old name for Tokyo, and *shin-soba* or new-harvest soba noodles are still appreciated in November.

Umami and the four flavors

One of the key characteristics of washoku is that it attempts to highlight the flavors and textures of the ingredients, rather than tries to disguise them. This concept of highlighting the ingredients themselves and their seasonality is very trendy worldwide, but it's been the central concept of washoku for hundreds of years. Washoku flavoring tends to be quite subtle. There are very few very spicy ingredients, for example; when spices are used, they are applied sparingly for a flash of stimulation.

The key flavor of washoku is a word for which there is no good translation, so it's become a part of the culinary vernacular worldwide: umami. Umami is that satisfying flavor that is at the heart of so many dishes, especially savory ones, but is also in sweet dishes, too.

Chemically, the purest form of umami is monosodium glutamate, a substance isolated by Kikunae Ikeda, a professor at Teikoku University (now Tokyo University) in 1907 from kelp. Kelp is commonly used as a natural source of umami and many other flavoring ingredients that have been

used for hundreds of years in Japan are packed with umami: dried fish flakes called *katsuobushi*; miso; soy sauce; and more.

Fish and vegetables are fermented and pickled to bring out their inherent umami. Meat, which was reintroduced to the Japanese diet in the 19th century after many years of imposed abstinence, was reappreciated for its umami. Even the national alcoholic drink, sake, has plenty of umami in its depths.

The other four flavors that human beings can detect — sweet, sour, salty and bitter — are just as important. Even bitterness, a flavor that's not usually appreciated, is welcomed in washoku; for instance, *sansai* (bitter mountain vegetables) are enjoyed as a stimulating wake-up call to the taste buds after the cold winter months.

It's the balance of the five flavors that counts. Nowhere is this more evident than in *osechi*, the traditional New Year's spread. The colorful array of food packed like jewels in a lacquered box was the centerpiece of the Japanese presentation to have washoku recognized by UNESCO. Osechi flavors are sour and sweet, bitter and salty, and packed with umami.

Each item in the osechi array is also packed with good-luck symbolism; although we Japanese may have an image of being not that religious, we are, and were once quite superstitious. *Kazunoko*, salted marinated fish eggs symbolize a wish for many children; black beans ward off evil spirits; *kuri kinton* (chestnuts in a golden sweet potato paste) signify a wish for good fortune. Even the humble pounded rice cake called *mochi* has meaning: It is a concentrated form of rice, the most precious of foods in Japanese culture, and it is eaten in appreciation of the kind gods that keep us fed.

Washoku: living, evolving cuisine While the roots of washoku are ancient,

while the roots of washoku are ancient, most of the dishes that are known as "quintessentially" Japanese elsewhere are in fact quite recent inventions, created within the last couple of centuries.

The best-known Japanese food worldwide, sushi, is of the type known as *Edo-mae zushi* — a slice of fresh, often raw fish on a ball of sweet-sour rice that originated sometime in the 19th century as a street food sold to the workers at the fish markets in Edo (Tokyo).

Tempura, deep-fried seafood or vegetables in a crispy light batter, also originated in Edo in the late 17th or early 18th century. Even a custom like appreciating shin-soba (new harvest buckwheat) noodles came about in the Edo Period, when better roads made it easier to transport fresh buckwheat to the big city.

Some other foods have even more modern roots: tonkatsu (breaded deepfried pork) was born in the late 19th or early 20th century, after the prohibitions against eating four-legged animals were lifted, as was sukiyaki (beef hot pot) and yakiniku (griddle-cooked meat). And other well-known Japanese dishes like ramen and curry are classified under the other types of Japanese cuisine mentioned above; the latter is an example of yōshoku and the former is the most famous, and most heavily Japanified chūka dish of them all.

When the UNESCO announcement was made in December, several media sources published stories saying how this just-designated heritage cuisine was dying in Japan, taken over by Westernized fast food and the like. One of the motivations for designating washoku as an Intangible Cultural Heritage of Humanity may have been based on concerns of that nature.

However, I believe the rumors of the death of washoku are premature. It's natural for a nation's cuisine to evolve and adapt — the above examples show that the realities of modern life mean that people have less time to cook, so there are more processed foods, more "fast" foods and more foods are prepared outside the home.

But I for one am not too worried that raditional washoku will disappear anytime

I don't know of any other nation of people who are more obsessed and concerned with good food than the Japanese are. Go to almost any Japanese town and you'll encounter a thriving, vibrant food culture. There are the usual international fast-food franchises of course, but they compete for the attention of hungry customers alongside tiny mom-and-pop *izakaya* and noodle shops, as well as elegant, expensive *kappō* cuisine served in tranquil tatami rooms at high-end *ryōtei*.

And we are also a nation of avid home cooks. Cookbooks are best-sellers and cooking classes thrive, as do websites dedicated to home cooking. Children are taught about appreciating food, where it is grown and how to eat it properly through a program called *shokuiku*, and retired senior citizens travel around the country avidly pursuing the best regional food. Regional cuisine, called *gotōchi gurume*, is even used successfully to attract tourists.

We will continue to eagerly adopt and even master the cuisines from other nations as we have done for many years — of that I'm sure. But at the same time, I'm as equally sure that we will also continue to appreciate and treasure the fundamental goodness of our traditional cuisine. It's where our souls reside, as well as our stomachs.





spread for a family gathering. Sushi is one of the most popular cuisines for such meals. (Right) A sobamaking class at a community center.
Participants knead buckwheat dough by hand, roll it out and cut it into noodles. MAKIKO

ITOH, MICHIKO EBINA

(Left) A typical