

# 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, Yorihiro 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, KYODO, WILLIAM H. SAITO

## Japan's economy strong enough to weather tax hike storm

Minoru Matsutani  
STAFF WRITER

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 Doiyukai, 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 earnings.

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 hike.

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 2014.

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.

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 said.

# 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 Japan-based 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. YOSHIKI 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

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

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

will not be covered by her husband's health insurance and pension. As a result, such a system has prompted many women to stay home and be dependents.

Niinami, who also serves as vice chairman of the Japan Association of Corporate Executives, welcomed Japan's winning bid to host the 2020 Olympics and Paralympics, and called it the "fourth arrow" for economic revitalization.

"We can create something that the young 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 for the 2020 Games.

Once Japan starts to move forward to prepare for 2020, people's mind-set will change. To win as many gold medals as possible, Japan will begin thinking of ways to nurture young athletes and such a competitive mentality will make Japan strong, he said. He also mentioned that with a clear target and time frame, Japan can 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 Japanese people, he said.

The Olympics and Paralympics in 2020 will initiate many changes.

"More people will need to speak foreign languages such as English and Chinese, and various signs on streets and stores will be improved to assist foreign tourists. Japanese towns and cities will transform into ones that can express hospitality," he said.

While it will boost the nation's tourism beyond the Tokyo metropolitan area, towns and cities will also change to have more innovative designs, such as introducing universal designs to cope with the aging society, he said.

### 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.



Takeo Hirata

"The fact that 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 Paralympic Games, Cabinet Secretariat.

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 barrier-free 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 society.

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 six-year 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



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 applause.

"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 wrote.

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

# OJI

Beyond the Boundaries



**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.

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## Sustainable coffee for Asia's demanding consumers

Volcafe 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."

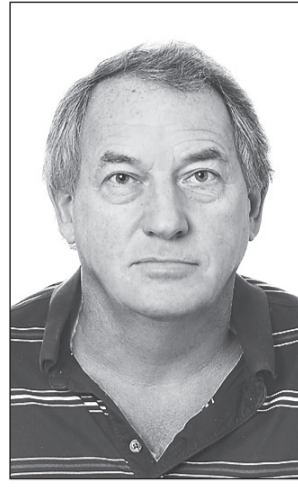
Volcafe's sustainable approach and strong relationship with coffee growers gives it unparalleled access to the finest coffees worldwide. "We provide ways to make coffee-growing more profitable for the farm-

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 price-driven. 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 client-centric and localized approach as it expands in Japan and the rest of the world. ♦  
[www.volcafe.com](http://www.volcafe.com)

## Streamlined services for clients in world's financial strongbox

Adjusting to the new needs of 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 banking-trust-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 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. ♦  
[www.mizuho.ch](http://www.mizuho.ch)

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

Established 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 here.

"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-

ized on its Swiss roots by committing 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,"

he notes. In 2011 the group acquired the independent travel specialist, Gullivers Travel Associates, which has had years of experience in Web-based 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](http://www.kuoni.com)

## Independent advice for the new breed of investor

As 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 investment-holding 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 one before offering solutions." The

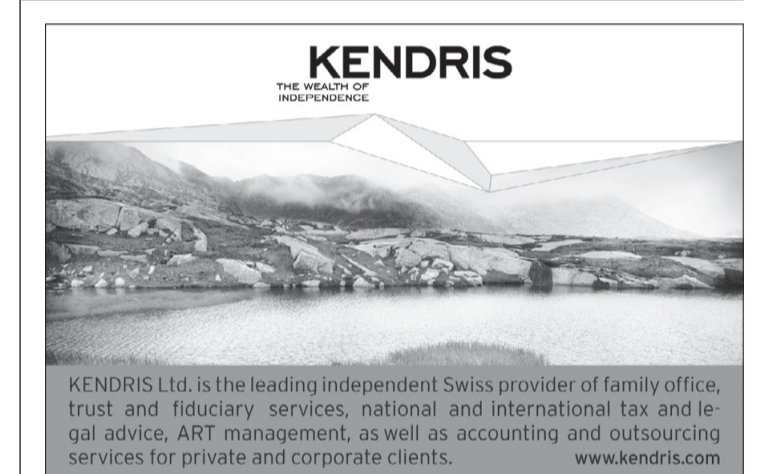
firm's clients include high-net-worth individuals, families, companies, financial institutions, and law firms.

"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." ♦  
[www.kendris.com](http://www.kendris.com)

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  
CEO of Kendris



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# Davos special



(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 Prefecture. MAKIKO ITOH, MICHIKO EBINA

## Japan's traditional *washoku* cuisine feeds body and soul

Makiko Itoh  
SPECIAL TO THE 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

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 *katsuo-bushi*; 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 reappraised 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, 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 deep-fried 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 traditional *washoku* will disappear anytime soon.

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.



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