

The Japan Times

'Summer Davos' Special

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Clockwise from top; The World Economic Forum's Annual Meeting of the New Champions, dubbed Summer Davos, took place in Tianjin, China, in 2014. This year's forum will take place in Dalian from Sept. 9 to 11. More than 1,500 participants from business, government, research and media from over 90 countries will gather to hold discussions on "Charting a New Course for Growth"; Dalian is a major city and seaport in the south of Liaoning Province; The venue for the forum, Dalian International Conference Center in Donggang CBD; Since 2007, Dalian has been hosting the Summer Davos in alternating years with Tianjin. ISTOCK, FLICKR/WORLD ECONOMIC FORUM

The impact and effects of changes in China's economy

Despite economic slowdown, experts predict upside for some areas of Japanese business

Minoru Matsutani
STAFF WRITER

Since late August, China's economy and stock prices have dominated headlines worldwide.

Chinese stocks plummeted about 30 percent over the course of a week in late August, affecting bourses around the world. Investors, brokers and strategists hold a poor outlook for China's economy, something that will likely be a major topic of discussion during the Annual Meeting of the New Champions, dubbed "Summer Davos," in Dalian.

However, a plunge in stock prices and slumping capital investment and consumption are "growing pains" for China, which, as Chinese President Xi Jinping said, is entering a state of "new normal." Considering China's huge economic potential, Japanese companies should not panic and make a hasty decision of withdrawing or scaling down their Chinese operations, economists have said. The new normal is China's economic state of maintaining a growth rate of around 7 percent. It is expected that China's economic growth will dip under 7 percent this year.

"OK, GDP growth may not be 7 percent this year. So what? 5 or 6 percent would still be very substantial growth," said Zhou Muzhi, a professor in the Faculty of Economics at Tokyo Keizai University. "Do Japanese companies still have a chance to succeed in China? Yes. Do more and more Chinese come to Japan for binge shopping? Maybe not in the short term, but they definitely will in the long term."

China's growth rate peaked at over 12 percent on a quarterly basis in 2010 following the global recession in 2009. But

it began consistently falling and has hovered roughly between 7 and 8 percent since the middle of 2012. This year, the growth rates for the first two quarters from January were 7 percent each.

To back up Zhou's argument that 5 or 6 percent growth is substantial, the estimated growth rates for Japan, the U.S. and the eurozone for this year are 1.1, 2.7 and 1.5 percent respectively, according to the Global Economic Prospects June 2015 Edition by the World Bank.

To achieve new normal, China needs to become a "normal" economy by international standards. Xi knows it and is aggressively taking measures to eradicate corruption and reform national companies.

Such measures are partially blamed for the economic downturn because eradication of corruption reduced consumption of luxury goods and reforming national companies increased bankruptcies.

Still, "this is a good thing in the long run," Zhou said, praising Xi. These moves work favorably for foreign companies, including Japanese ones operating in China, he added.

Shinichi Seki, vice senior economist in the Economics Department at The Japan Research Institute Ltd., also mirrors Zhou's praise for Xi and his new normal policies. He also believes China still has major economic growth potential, but the world's most populous country has a risk of going through stagnation in the short term.

The biggest problem is an excessive amount of debt in local governments and companies, Seki said.

"China is now in a situation similar to Japan's right before the burst of bubble economy (in the early '90s)," he said.

Capital investment has been declining



China's economy and stock prices have dominated headlines worldwide since August. AFP

constantly even with aggressive monetary easing as companies don't know what to do with excessive amounts of cash except to use it to buy stock or other financial products, he added.

"When companies with huge debts start cleaning their balance sheets, they reduce capital spending and the economy will stagnate more and more," he said, adding that this would follow the same pattern as the bursting of Japan's bubble in the early 1990s.

Amid these economic conditions — even though economists were predicting the slump would be short-lived and necessary for future reform — it is fair to say investors overreacted.

The Shanghai Composite Index, the benchmark index for Chinese stocks, floated around 4,000 points in mid-August and fell to around 2,927.29 on Aug. 26. It had hovered around 3,000 until Sept. 4. From a peak at 5,166.35

on June 12, the index plunged about 42 percent.

Both Zhou and Seki agree that stock prices were excessively overvalued. "In my mind, exceeding 4,000 points was dangerous territory," Seki said. "Company earnings were getting worse and stock prices kept going up only because there was nowhere else for the money to go."

Chinese market overreaction spread to the world and Japan's stock prices also plunged. The Nikkei 225 Stock Average dropped to 17,806.7 on Aug. 25, down from 20,620.26 on Aug. 17, and had hovered in the range between 17,600 and 19,200 until Sept. 4.

The negative impact on the Japanese economy may be short lived, but it will definitely be felt.

Japanese makers of factory equipment and electrical components may experience sales drops in China, Seki

said. Additionally, the number of Chinese tourists to Japan or the amount of money they spend may decrease.

Numbers of Chinese tourists have increased dramatically over the past couple of years because of various factors such as increasing Chinese wealth, the Tokyo Olympics in 2020, the designation of washoku Japanese food, as a UNESCO Intangible Cultural Heritage and the Japanese government's efforts to promote Cool Japan.

Another risk is that investors may sell assets in yuan and buy them in other currencies too quickly, causing the yen to rapidly appreciate against the yuan, Seki said.

On China's recent move in mid-August to reverse its currency policy from promoting a strong yuan to weakening the yuan, Seki said it is probably because China wants to dodge accusations of manipulating the currency market to keep the yuan strong. He also said the secondary reason is probably that China wants to help exporters.

In this situation, what should Japanese companies do? For example, major Japanese department stores, such as Mitsukoshi, Takashimaya and Isetan, have seen huge increases in sales from Chinese tourists over the past year. To accommodate them, they have increased their numbers of Chinese-speaking employees, put up more signs in Chinese and stockpiled products favored by Chinese. Should they continue to do these things?

Both Seki and Zhou said yes and agreed that Japanese companies should never stop taking such measures.

The two economists said Japan is still a minor destination for Chinese tourists and overseas travel itself is a minor entertainment option for them. As they become wealthier, overseas travel will become more and more popular, they said.

Zhou pointed out that more than 10 percent of people in Taiwan and Hong

Kong have come to Japan, but less than 1 percent of Chinese have. As Chinese get to know the quality of Japan, they will visit and tell their friends about it, he added.

"Therefore, Japanese department stores and the tourism industry as a whole should continue to strengthen hospitality geared toward Chinese," Zhou said.

Both Seki and Zhou believe China is on course to become a mature economy, amid new normal policies, and thus what people spend money on will shift from home appliances, cars and other hardware to entertainment and a more comfortable standard of living.

Given such a situation, Japanese makers may want to withdraw or scale down their manufacturing operations in China, and Japanese service companies may have a chance to succeed if they provide desired services, such as online shopping, Seki said.

Zhou said restaurants, hair salons and other life and culture-related industries will see increased demand in China, and Japanese companies have opportunities there.

Demand for extreme luxury goods and services may not increase now because they do not fit what the new normal is aiming for, Seki said.

Japanese carmakers will probably succeed because Chinese demand will shift from large, expensive cars to safe, easy-to-drive cars, something Japanese carmakers excel at producing.

Zhou said manufacturers still have a chance to succeed if they focus on service. For example, Hitachi group is making a great deal of money in its elevator business, and Chinese people choose Hitachi instead of domestic makers because Hitachi has better maintenance services, he said.

"Not every manufacturer will slump in China. Japanese companies must become smarter as Chinese consumers will become smarter," Zhou said.

'Summer Davos' special

Will AI become a threat to future white-collar workers?

Sayuri Daimon
STAFF WRITER

Can a robot get into the University of Tokyo, Japan's most prestigious university, by 2021?

Some people may say "yes," thinking that since robots can now beat professional chess players and *shogi* (Japanese chess) players, it shouldn't be so difficult to realize this in the not-so-distant future. But it is not that simple.

To answer this question, the Tokyo-based National Institute of Informatics (NII), Japan's only general academic research institute for informatics, launched a 10-year project in 2011. Collaborating with various companies and institutions, the project aims to attain a high score on the National Center Test for University Admissions, a standardized, multiple-choice test taken by more than half a million high school graduates every year, by 2016, and achieve the level to enter the University of Tokyo in 2021.

But its ultimate goal is not simply creating an artificial intelligence (AI) to answer questions on university entrance exams. It is to raise the accuracy of AI techniques that have been accumulated to date and to deepen the understanding of what it means to be human, according to Noriko Arai, director of the project at NII.

"Back in 2010, I wrote the book 'How computers can take our jobs' and predicted that 50 percent of white-collar jobs will be lost due to computers in 30 years. But not many Japanese at the time took my prediction seriously enough," Arai said in a recent interview with The Japan Times. "Since university entrance exams serve as a kind of gateway to becoming a white-collar worker, I thought people would pay more attention if AI outperforms real students on the tests."

Japan has led the world in the area of robot technology with Honda Motor Co.'s ASIMO, a humanoid robot that can walk and dance and Softbank Corp.'s Pepper, which communicates with people by analyzing facial expressions and voice patterns, to name a couple.

But Arai, a professor of mathematics, said it is wrong to think these robots can act independently as ASIMO's dancing ability and Pepper's communication skills have been programmed in advance to respond to different situations.



Professor Noriko Arai SATOKO KAWASAKI

"To develop AI with interdisciplinary knowledge that can answer various questions, we should have a common benchmark that can measure the ability of AI," she said. "By having AI solve university exam questions, which require different tasks, we will be able to know clearly how much their ability has developed so far."

The business sector is actively involved in this project.

Companies in the education industry such as textbook publisher Tokyo Shoseki Co., Benesse Corp. and cram school operator Sapix Yozemi Group participate in the project as data suppliers. Software firm Cybernet Systems Co., and various research institutes like Fujitsu Laboratories and NTT Communications Science Laboratories, are also involved with the project.

Arai said as the national standardized tests cover eight subjects — two social studies, two sciences, Japanese, English and two mathematics, each subject provides those companies opportunities to explore technologies that can provide ideas for future businesses and products.

For example, education firms like Benesse and cram schools may be able to speed up the process of grading their tests if the process can be automated and screened by AI.

Meanwhile, mobile phone compa-

nies hope to take away technology that can help improve voice-agent apps, such as Shabette Concier or Siri, which answer verbal questions using information culled from various sources, including Wikipedia.

According to Arai, a fill-in-the-blank question on an English test can be useful for such research.

For example, if a person in a conversation says, "It's unbelievable that we graduated from school 10 years ago," what should the proper reply be? The right answer may be: "True. I feel like it was just yesterday," but it is often difficult for AI to fill in the blank with such a sophisticated answer.

After taking mock exams in 2013 and 2014, the AI achieved a score on par with the average Japanese high school graduate. The results mean that AI would have about an 80 percent chance of getting into about 80 percent of Japan's private universities.

Arai is confident AI can reach a higher score, perhaps eventually outperforming more than two-thirds of students who take the test, but admitted attaining a score good enough to be accepted by the University of Tokyo would be difficult.

Similar projects to use university entrance exams as a benchmark are also underway outside Japan.

In the U.S., the Allen Institute for Artificial Intelligence also started Project Aristo, which has a system that acquires and stores vast amounts of knowledge in data form, then applies this knowledge to answer a variety of science questions from standardized exams.

This year, according to Arai, the Chinese government also launched a similar two-year project jointly with iFlyTek Co., a company that specializes in voice-recognition systems.

Thanks to these research projects, AI may outperform humans in many areas in the near future. But it does not necessarily mean white-collar workers have a dim future with no hope to remain in the market.

Arai cited bank loans as an example. A decision to provide an auto or housing loan to a consumer does not require difficult judgment and can be processed by computers using big data, but providing loans to venture firms is a different story, she said.

"If a small venture company has developed an innovative product that does not



Above: AI can already beat humans at chess. A day may arrive when AI can pass the University of Tokyo entrance exam. Right: Students walk toward the entrance of the University of Tokyo. ISTOCK, KYODO

exist in the market, bankers must judge how valuable it is and how society will accept it and whether it will make money. Big data can't provide the answers to such questions, and such decisions will remain in the hands of people," she said.

Likewise, the job of pharmacists can be partly done by AI, but people are needed for those aspects requiring high levels of knowledge and judgement.

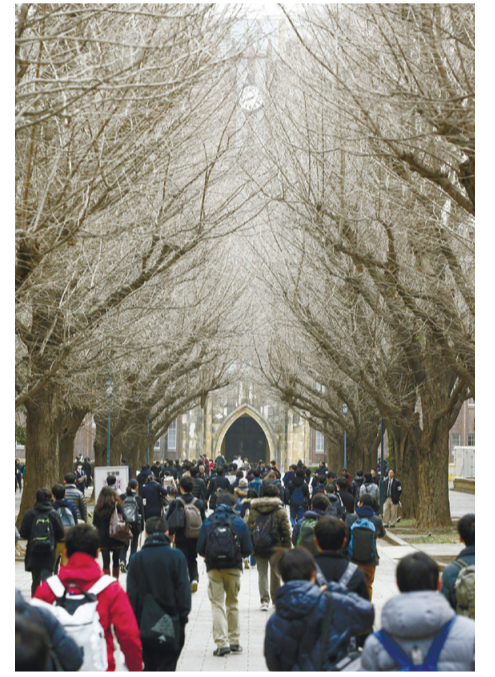
Arai warns that world leaders must foresee such a future society and form national strategies accordingly.

"I think global leaders such as those who gather at Davos or OECD meetings should draw up a future scenario for their countries and for the world and discuss what needs to be done to minimize damage to society, to raise productivity and to redistribute benefits gained from increased productivity," she said.

In the future, Arai predicts workers will be divided roughly into two categories based on what they do. The first one will be low-income earners who assist and fix operations done by not-yet-perfect AI, while the second group will be high-income earners who make the important decisions that computers cannot make.

"Those who work above AI and make high-level decisions will be the future white-collar workers, but they need extremely high-levels of education. They have to acquire abilities to make difficult judgments and possess excellent communication skills," she said, adding that the current Japanese education system that emphasizes memorization must change.

"We must find out what skills can outpace AI and seriously discuss how we can acquire such skills before it's too late," she said.



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YGL works to create a more resilient society

Mami Maruko
STAFF WRITER

Yoshiki Hiruma, one of the young global leaders of the World Economic Forum's Annual Meeting of the New Champions, wants to make the world a better place by helping the homeless achieve emotional and financial independence through playing soccer.

As a volunteer director of the homeless soccer team "Nobushi Japan," which competed in the 2011 Homeless World Cup in Paris, Hiruma, 31, says that his interest in homeless soccer started from an experience of helping a homeless person sell The Big Issue magazine on the street as part of the volunteer educational program of his banking job. The Big Issue is a publisher that hires homeless people to sell its magazines on the street.

He said that his sense of value fell apart when a homeless person outdid him over a period of three hours, with the homeless person selling 20 copies and Hiruma moving only three.

"I was surprised that I was thoroughly beaten by that homeless person in magazine sales. It was one of the most powerful experiences in my life, and felt like getting hit in the head with a hammer," he said.

At the end of the three hours, the homeless person asked him to play soccer with him on the weekend, which later led him to becoming director of the team.

As a banker working for the Development Bank of Japan Inc. in Chiyoda Ward, Tokyo, Hiruma received the Young Global Leader 2015 Award given out by



BCM Rating Director at the Development Bank of Japan Inc. Yoshiki Hiruma YOSHIKI MIURA

the WEF's Annual Meeting of the New Champions, dubbed Summer Davos, for two reasons. First was his involvement with the soccer team, and second, in recognition of the development, along with fellow bankers, of an enterprise resilience rated loan program based on business continuity management rating (BCM rating) at the bank.

This is the first program of its kind, and he says investors around the world have been interested in the program since 2012. Around the same time, Hiruma became a member of World Economic Forum's risk response network and national resilience research team.

The introduction of financial initiatives for building a resilient society was done

through the DBJ's ranking of companies according to how resilient they are to natural and other disasters, and the companies that are ranked as being highly resilient are financed through the bank's program.

"Resilience has been a key word and global agenda in society for a few years now. We are living with risks, and crisis is the new norm. A resilient society needs resilient companies. If risks are managed well, business can go on, but if badly managed, the investment will become a loss," he said.

Hiruma says that if a company or a nation faces some kind of risk such as a major earthquake, losses cannot be ignored, but what is important is how it responds to the situation and recovers.

"Collective strength is needed at such a time. One needs to build up a new position through reconstruction and innovation. This is what we call resilience and strength to build back," he said.

He is surely using this skill to lead the homeless soccer team. He says that many of the soccer team members have regained their self-confidence and independence through playing soccer, and some have started working again.

He has also helped the soccer team grow, and the team now counts not only homeless people as members, but also people with disabilities or dementia.

"It's so diverse. It doesn't matter whether the person is homeless or not, nor does it matter whether the person has disabilities or not. People just get together as a team to genuinely enjoy playing soccer. That's all that matters," Hiruma said.

Young Global Leaders are the vanguard in business, politics and society

In March, the World Economic Forum announced this year's Forum of Young Global Leaders (YGLs), the most exceptional leaders 40 years of age and younger, who are believed to be the architects of future society.

The Forum of Young Global Leaders was created in 2004. YGLs are young leaders who are radically changing their industries, politics and society. Entrepreneurial and optimistic, they represent the next generation of global leadership.

This year's class of 187 YGLs is split evenly between business and nonprofit sectors, the latter including science and technology, arts and culture, civil society, policy and government and media and social entrepreneurs.

Women are strongly represented in this year's class and with half the intake coming from emerging economies, the

world's future leadership is becoming broader in terms of both gender and geography. Alongside 44 selected from North America and 39 from Europe, the class of 2015 includes 23 YGLs from East Asia, 19 from South Asia, 17 from Greater China, 17 from sub-Saharan Africa, 15 from the Middle East and North Africa and 13 from Latin America.

Current and former YGLs head governments and Fortune 500 companies, win Nobel Prizes and Academy Awards and become U.N. goodwill ambassadors and social entrepreneurs. This year, among the 23 YGLs chosen from East Asia, three are based in Japan:

Steve Kumar Arora

Arora, who has a diverse track record, is currently president of Swiss Reinsurance Company, Japan. He has worked in various areas of finance, in-

cluding reinsurance, lending, leasing and private equity.

Yoshiki Hiruma

As a director of business continuity management (BCM) rating at the Development Bank of Japan Inc., Hiruma has developed an enterprise-resilience-rated loan program, which was highly regarded at the WEF in 2012. Hiruma is also the director of the homeless soccer team Nobushi Japan.

Naomi Koshi

Upon election in 2012 as mayor of the city of Otsu, Shiga Prefecture, Koshi became the youngest Japanese woman ever to be elected mayor at the age of 36. She has focused on issues related to gender equality and child-care. Prior to entering politics, she practiced law in Tokyo and New York.

'Summer Davos' special

Comfortable, accessible city serves as 'gateway to Asia'

Minoru Matsutani
STAFF WRITER

The city of Fukuoka, which the national government designates as a National Strategic Special Zone to attract global startups, is the perfect location for test marketing in Japan.

"Business costs are low. An airport, major train stations and a seaport, everything is within a 2.5-km radius. This level of convenience is very rare in the world," Fukuoka Mayor Soichiro Takashima, who will attend the mayor's sessions of the Annual Meeting of the New Champions, dubbed "Summer Davos," in Dalian, China told The Japan Times in Tokyo on Aug. 24.

With the global startup designation, Fukuoka will be allowed to ease conditions to issue visas related to foreign startups, Takashima said, adding that he is in negotiation with the state to reduce corporate tax to Singapore's level of 17 percent.

The city's designation as a special zone shows the national government has recognized potential of Fukuoka as a global city.

Demographic conditions make Fukuoka unique as the city's population is expanding more and is younger than other major cities in Japan. The city of 1.53 million adds about 10,000 people a year, the most growth in the so-called 20 ordinance-designated cities, which are major cities with populations exceeding 500,000, excluding Tokyo.

According to the census, Fukuoka added 65,968 people from 2010 to 2015, an increase of 4.5 percent, compared with the average of 0.8 percent for the 20 major cities, which include Osaka, Yokohama and Nagoya. The ratio of people aged 15 to 29 is 19.2 percent in Fukuoka, the highest of the 20 cities.

Fukuoka's population is expected to keep increasing for the next 20 years, Takashima said. Comparatively, Tokyo's population is believed to peak in 2020.

"Fukuoka is economically very active and seeks manpower all the time. Also, the living environment is very friendly. That's why the population keeps rising," Takashima said, adding that British magazine Monocle ranked Fukuoka the twelfth livable city in the world and second in Asia.

The demographic advantage reflects economic growth. The real growth rate was 2.3 percent in fiscal 2012, compared with the country's 0.7 percent. The average annual growth rate from 2009 to 2012 was 2.7 percent, the second highest of the



Fukuoka is a compact city with urban functions in the center and rich natural surroundings. FUKUOKA CITY

20 cities. Tax revenue increased 1.3 percent to ¥276.1 billion in fiscal 2013 from 2010, the highest percentage increase of the 20 major cities.

Fukuoka also boasts multilingual availability. For example, Fukuoka Asian Medical Support Center supports non-Japanese patients by providing interpretation services on the phone and other language supports, Takashima said. The city also has an international school and schools with International Baccalaureate recognition. Multilingual signs are everywhere, and thus the city offers a comfortable environment for foreigners, he said.

Proximity to Asia is another advantage as Fukuoka, the largest city in Kyushu, is Japan's gateway to Asia. Within a 1,000-km radius are Dalian, Shanghai, Seoul and Tokyo. Beijing and Taipei are inside 1,500 km and Hong Kong lies within 2,000 km, meaning Fukuoka has access to a population of 1 billion within a 2,000-km radius.

Takashima also pointed out Fukuoka's benefit in business continuity planning. As a big city with a low risk of earthquakes and tsunami, it has a rare combination of benefits in Japan. He argues that having secondary headquarters in Fukuoka is a good backup plan in case of natural disasters and other unexpected incidents.

Japan's biggest disaster risks are the Tokai earthquake or a major earthquake

in the Nankai Trough, whose epicenters would be a few hundred kilometers off the Pacific coast of the Kyushu, Shikoku, Kansai, Tokai and Kanto regions.

Japan's major cities, such as Tokyo, Yokohama, Nagoya and Osaka are mostly on the Pacific coast and damage from the two quakes and tsunami would be enormous.

Meanwhile, Fukuoka is far from the boundaries of tectonic plates and lies on the Sea of Japan coast.

Takashima is also the top promoter of MICE (meetings, incentives, conferences and exhibitions) in the city.

Fukuoka has been Japan's No. 2 venue in the number of MICE events after Tokyo for five years in a row to 2013, according to the Japan National Tourism Organization, which does not have statistics for 2014 yet.

For example, the city will host the 99th Lions Clubs Annual International Convention, which will attract about 35,000 people from 205 countries, bringing the economic effects of ¥5.2 billion. It will also be one of twelve cities in Japan to host the Rugby World Cup in 2019.

Amid these measures, the number of tourists to Fukuoka exceeded 17 million for two consecutive years in 2012 and 2013, reaching a record 17.82 million in 2013.

"Thanks to the airport and seaport being so close to the city, Fukuoka is a very popular venue for international conferences. We had to turn down 52 MICE events three years ago due to a lack of capacity," he said.

"Hotel occupancy rates are very high now and it's difficult to book hotel rooms," he added.

Of course, Takashima reacted to the shortage quickly, launching a project, dubbed "Water Front Next," to develop



Waterfront convention center district FUKUOKA CITY



Hakata port is the logistics hub of the city. FUKUOKA CITY



Fukuoka Mayor Soichiro Takashima YOSHIKI MIURA

MICE facilities, hotels and other entertainment facilities in the waterfront area where there is already a great deal of MICE infrastructure in place.

Also, the city is promoting so-called Tenjin Big Bang project to turn the Tenjin district, the commercial center of the city, into a more attractive business district. As the designation of a National Strategic Special Zone lets the city deregulate the aviation law to allow taller buildings, the city will also take measures to relax the regulation on the limit of floor area ratio. As such, the city aims for reconstruction of 30 buildings in the next decade, whose construction-investment effect will be ¥290 billion. After the completion of the reconstruction, economic effect is expected to reach ¥850 billion a year.

Fukuoka airport is connected with 21 cities in the world, including Shanghai, Dalian, Seoul, Beijing, Taipei, Hong Kong, Singapore and Amsterdam, via 540 flights a week. The airport also accommodates 382 domestic flights per day.

The number of passengers using the airport hit 19.29 million in fiscal 2013, making it Japan's third-busiest airport after Haneda and Narita airports.

Having a busy seaport is also essential to vitalize a city.

Oceangoing cruise ships made 99 port calls at Hakata port in 2014, making it the busiest port in Japan. The economic effect of the port accounts for 30 percent of Fukuoka's gross product, Takashima said.

The city regards the port as the hub of its economy and has made efforts to enhance logistics efficiency through information and communication technology. As a result, it developed a system to shorten the waiting time for trucks to load containers to as little as 15 minutes.

For example, the system detects when a truck enters the port to pick up containers and ensures no other containers are stacked on top of those the truck is going to pick up, shortening loading time.

"Logistics have become very smooth and Hakata port is easy to use," said Kentaro Kishino, manager, Sales Section IV, Sales Department II, Bridgestone Logistics Co. The tire maker's logistics arm accounts for more than 20 percent of exports from Hakata port. "We spent a lot of money on logistics and any reduction in those costs is a major benefit."

Thanks to such improvements, sales of Hakatakou Co., a logistics company at Hakata port, jumped 20 percent in the past five years, said Ryota Yanase, general manager, Business Development Division, Hakatakou Co.

With the vitality of a young population, proximity to Asia, low disaster risks, busy ports and state designation as a National Strategic Special Zone, Fukuoka is certain to grow to be a leading city in Japan, Takashima stressed.

"If you want to take on new challenges in Japan, you should look at Fukuoka. We have every intention of becoming a global gateway," Takashima said.

For more information on Fukuoka city, see <http://facts.city.fukuoka.lg.jp/en>.

Leading English MBA program set to become available online

Atsushi Kodera
STAFF WRITER

Featuring its unique ambition-inspiring *kokorozashi*, or personal mission, education and hands-on business education close to real-life experience, Globis University's Master of Business Administration program has rapidly grown into the largest and one of the highest-ranked MBA programs in Japan. Now the institution is set to take the English version of the program to a wider audience by bringing it online.

"The course is for people living in emerging countries who want to attend our MBA program in Tokyo, but can't afford to do so," said Tomoya Nakamura, dean of MBA programs. "It's also targeted at people who want to study for their MBA in English, but live outside of Tokyo, or have to look after their children or parents and find it difficult to attend."

The online English MBA will start in January. It will start as a single-unit program with the "Essentials of Marketing and Strategy" class, followed by "Critical Thinking" and "Organizational Behavior and Leadership" to start in April. Thereafter, further classes will be added with an eye toward introducing a full online MBA program in 2017.

In their annual promotional tours to other Asian countries, Nakamura, along with Globis University president Yoshito Hori, has discovered there is significant interest in their programs, but that many potential students cited the cost of living in Tokyo as a major obstacle.

"We think the English online program will prove tremendously attractive to such people," Nakamura said, citing those in countries such as Vietnam and Thailand.

A key feature of Globis' programs is their emphasis on what the school calls *kokorozashi* education in which students are encouraged to develop a sense of mission and ambition to bring

'We think the English online program will be tremendously attractive.'

TOMOYA NAKAMURA

positive changes to society. It is the founder's belief that such a sense is an essential element in a leader.

Students are required, for example, to write an essay on their *kokorozashi* in a compulsory entrepreneurial leadership class taught by Hori and Nakamura, developing it until the final session where they are required to make a presentation.

"For example, a Thai student may say, 'I want to become a bridge between Thailand and Japan and I especially want to help grow the auto parts industry in my country with Japanese technology.' We want students to express their missions like that and this type of education is a major aspect of our programs," he said.

"We started an English MBA nights and weekend program in 2009, and since then, many non-Japanese students have shown interest in the *kokorozashi* aspect of our education," added Nakamura, a Harvard MBA graduate and business management professional.

Globis University also has courses to help students make their missions reality. Many classes are geared toward equipping them with the skills to start a



Tomoya Nakamura, dean of GLOBIS' MBA program YOSHIKI MIURA

business, notable among them being the annual venture plan competition.

"In this competition, graduate students as well as our alumni are invited to submit business plans. And we invest up to ¥5 million for viable plans," Nakamura said. "So we kind of also have what you may call an infrastructure, or ecosystem, as part of our programs for students to bring business ideas to reality."

The school's tie-ups with major Japanese corporations such as Nissan Motor Co. and IBM Japan Ltd. also provide opportunities to participate in internship programs at such companies, helping students secure jobs.

While online programs provide the opportunity for students with difficulty to regularly attend a full-time program, they are conducted through computers over the Internet, separating students and lecturers. But Nakamura sees no major disadvantages in Globis' online MBA, which it already conducts in Japanese.

The secret is its adoption of the so-called small private online course system, and he claims Globis' online class environment is nearly identical to an actual classroom.

"Let's say I'm teaching a class of 25 students online. On the screen, all students are visible to me, just like in an actual classroom. That's because everybody's face is on screen. If Jane wants to speak, she would raise her hand, and I would instantly recognize it and point at her... and her face would be zoomed in on while she speaks through the microphone."

"There is a possibility that classes may even work better online than in real classrooms," he added.

Yoshito Hori, a regular participant of the famous World Economic Forum (WEF) in Davos, Switzerland, started Globis University in 1992 with only a marketing class in a small rented office in Tokyo. As of 2013, it had 7,000 students (including those in non-degree programs) at five campuses. In 2014, the Japanese MBA program had 629 students, representing Japan's largest accredited MBA program.

During the upcoming WEF Annual Meeting of the New Champions 2015 in Dalian, China, from Sept. 9, Globis, along with other Japanese companies, will host Japan Night, a social opportunity for participants to enjoy dinner and socializing.

"The World Economic Forum is a place where issues that cannot be solved by individual countries are discussed by the world's leading minds and we are grateful to be involved in hosting Japan Night at such an auspicious forum," Nakamura said.

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'Summer Davos' special

'B-class' cuisine: Food that reflects the soul of the people

Makiko Itoh
SPECIAL TO THE JAPAN TIMES

From the impressive number of stars garnered by restaurants in Tokyo to heads of state visiting the establishments of famed sushi masters, the high end of the Japanese culinary scene gets plenty of attention worldwide. But eating out in Japan doesn't mean you have to break the bank all the time, and sticking to a budget doesn't entail only going to fast-food restaurants. Enter *B-kyu gurume* (B-class gourmet cuisine) hearty, reasonably priced and down-to-earth dishes, often with strong regional associations.

Hearty, homey cuisine beloved by ordinary folk has been around for a long time of course, but the actual term B-kyu gurume was first coined in the mid-1980s. It's important to note that although "gurume" is the Japanese version of "gourmet," it doesn't mean a person who enjoys food; it refers to a type of cuisine. The Japanese economy was booming and dining out at restaurants that used expensive ingredients and charged high prices was very much the "in" thing to do.

The trendy set considered spending less than ¥10,000 per person at a restaurant rather declassé. Some people

rebelled against this though, arguing there was plenty of good food to be had that didn't cost the earth.

But B-kyu gurume didn't really take off until the 1990s, after the bubble economy burst and a mood of austerity swept away the party mood of the 1980s. Magazines and newspapers that had previously featured articles about expensive restaurants devoted their pages to mom-and-pop restaurants that served filling, homey food.

A dish that typified B-kyu gurume early on was *motsunabe*, a hotpot made with cow or pig offal, using leeks, garlic, chili peppers and other seasoning to offset the gaminess. A popular local dish in and around the cities of Fukuoka (especially in Hakata Ward) and Shimonoseki in southern Japan, it uses inexpensive ingredients cooked with care and served in hearty portions both defining features of B-kyu gurume. Before the early '90s, *motsunabe* was virtually unknown outside of its local region, but in the post-bubble economy period several restaurants serving Hakata-style *motsunabe* popped up in Tokyo. It was quickly championed as a dish that defined the zeitgeist, and "motsunabe" was even selected as one of top three new and trendy words of 1992.

As the sluggish economy dragged on, the popularity of B-kyu gurume continued to grow. A popular TV show of the 1990s was *Iron Chef*, which was later featured on American television. The program featured chefs from top-end restaurants as contestants battling the *Iron Chef* regulars, often using expensive ingredients such as foie gras and caviar in abundance in an over-the-top arena labeled Kitchen Stadium. This was haute cuisine as fantasy; for most people, the days of enjoying lavish meals were long over. In the meantime, the rest of the TV schedule was filled with stories about no-frills mom and pop eateries that were beloved by local residents.

Certain types of food came to define B-kyu gurume. One was ramen, the hearty bowl of hot soup and noodles that has its roots in the noodle soups brought over by Chinese immigrants in the late 19th to early 20th centuries. Up until the 1970s or so, ramen was known for being cheap and filling tasty, but not much more.

Ramen was usually classified into three types, depending on the type of sauce added to the soup: miso, soy sauce or salt the last meaning it had no sauce added, just seasoning. But in the '80s and '90s, the humble bowl of soup and noodles was given a whole new level of respect and attention. Regional variations in ramen became important, even worth traveling to the region in question to partake in the "real thing." For instance *tonkotsu* ramen, which uses a thick, almost creamy broth made with pork bones (tonkotsu) and other ingredients, was virtually unknown outside of Fukuoka, Kumamoto and other cities on the southern island of Kyushu.

After being "discovered" by Tokyo-based food critics and others, it became wildly popular nationally. Comparing the merits of regional varieties such as miso ramen from Sapporo; milky white chicken soup ramen from Kyoto; hearty soy sauce-based ramen from Yokohama and more became important talking points for enthusiasts. "Gourmet" ramen continues to be very popular all over Japan, and is making inroads internationally, too.

In the late '90s, the concept of B-kyu gurume got a new twist, inspired at least in part by the popularity of regional ramen, in the form of *gotochi* (local, or



Clockwise from above; *Takoyaki*, which originated in Osaka, is typical *gotochi* B-kyu gurume; *Shirasu* can only be caught around ports such as Enoshima in Kanagawa Pref.; *Yakisoba* from Yokote, Akita Pref., is sometimes sold as *ekiben* (station lunch boxes); *Kakinohazushi* is topped with cured mackerel and wrapped in a persimmon leaf. MAKIKO ITOH



regional) B-kyu gurume using inexpensive local dishes to lure visitors.

One of the most notable examples of *gotochi* B-kyu gurume is Fujinomiya *yakisoba*, pan-fried noodles from Fujinomiya, a small city in Shizuoka Prefecture. Locals had been making a version of *yakisoba* (which is a variation of the lo mein brought in by Chinese immigrants) using thick, chewy steamed noodles, *tenkasu* (deep fried batter bits that are left after making tempura), topped with *katsubushi* (bonito flakes) and dried mackerel or herring powder.

In the late 1990s, a group of local residents decided to try to use this *yakisoba* to attract visitors and boost the local economy. They gave it a proper name and promoted it heavily, with great success. Fujinomiya *yakisoba* won the top prize at the inaugural B-1 Grand Prix, a contest set up to help promote *gotochi* B-kyu gurume, and other regional towns scrambled to follow their example. Authenticity is just as important for advocates of *gotochi* B-kyu gurume dishes as it is for those involved in high-end traditional cuisine; the Fujinomiya *Yakisoba* Society lists 12 requirements for "real" Fujinomiya *yakisoba*, including the use of spring water from Mount Fuji.

In recent years, there's been a small backlash against the concept of *gotochi* B-kyu gurume. The main objection by detractors is that contests such as the B-1 Grand Prix encouraged regional organizations to invent new dishes and label them as "local," even though the original concept was to highlight and promote dishes that were already well established. The B-1 Grand Prix organization itself distances itself from the "B-kyu" aspect these days, saying they promote regional cuisine of any kind, and locals in some regions insist that their much beloved regional dishes are not "B-kyu."

For visitors, though, the prevalence of *gotochi* B-kyu gurume is great news, since it makes it possible to sample regional specialties easily. Besides ramen, you may already know fare such as *okonomiyaki* (savory pancakes), *takoyaki* (octopus balls) and *kushikatsu* (grilled meat on skewers) from Osaka, a city known for its hearty, down to earth cuisine.

Regional varieties of *yakisoba* have grown in popularity in the post-Fuji-



nomiya period, as have similar variations on the ever-popular curry with rice. Some local dishes only qualify as B-kyu inexpensive and abundant dishes in their regions because the ingredients don't travel well, such as the raw *shirasu* (whitebait) from Enoshima in Kanagawa Prefecture and Awajishima in Hyogo Prefecture. Even something as mundane as a hamburger becomes special and affordable, too when it's made with locally produced beef, such as that from Matsuzaka, Hyogo Prefecture, famed for its eponymous wagyu beef.

Tokyo itself has its own *gotochi* B-kyu gurume fare such as *monjayaki*, a savory pancake that's akin to *okonomiyaki* but looser and flatter, and Fukagawa *meshi*, freshwater clams and miso broth served over rice that's been popular since Tokyo was called Edo. But it's also a


great place to sample B-kyu gurume from all regions, especially if you don't have the time to travel.

The best places to find hearty, reasonably priced B-kyu gurume is in small *izakaya* (pubs) and restaurants, many of which are to be found down little alleyways that hide in the shadows of high rise buildings a world apart from the image of Tokyo as a cool, modern metropolis. The easiest way to find the best ones? Just look for the places with lines stretching outside.

These days, expensive restaurants are as popular as they were in the go-go '80s, but B-kyu gurume is just as popular, too. While *kaiseki* (traditional multicourse meal) and other high-end cuisine represent the refined pinnacle of cooking in Japan, B-kyu gurume is a reflection of the soul of its people.



Okonomiyaki is a popular dish from Osaka, a city known for its hearty, down to earth cuisine. MAKIKO ITOH



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Hakata-style *motsunabe* (left) and *tonkotsu* ramen are some of Fukuoka's B-kyu gurume favorites. FUKUOKA CITY