

The Japan Times

Davos Special

Tuesday, January 17, 2017



Left: View of Davos showing the congress center where the annual meeting of the World Economic Forum takes place. Top: Christine Lagarde, managing director, International Monetary Fund, Haruhiko Kuroda, governor of the Bank of Japan, and others speak during a panel discussion at the annual meeting on Jan. 23, 2016. Above: Prime Minister Shinzo Abe gives a video message to the World Forum on Sport and Culture, otherwise known as Sports Davos, held in Japan in October. WORLD ECONOMIC FORUM/MICHELE LIMINA, WORLD ECONOMIC FORUM/MORTIZ HAGER, OFFICE OF WORLD FORUM ON SPORT AND CULTURE

Uncertain future fed by growing populism, protectionism

Hiroshi Suzuki
SPECIAL TO THE JAPAN TIMES

The year 2017 started with a significant level of uncertainties in global politics and economics — certainly true for the world economies over the last decade since the global financial crisis in 2007 — after the surprising outcome of the U.S. presidential election in November.

With only three days left to the inauguration of U.S. President-elect Donald Trump, Japan — along with the rest of the world — is still struggling to see a clear picture of what the world will look like in the near future.

Ironically, one thing certain about the days ahead, many analysts say, is raised uncertainty due to growing populism and protectionism; topics that are expected to be discussed at the 2017 annual meeting of the World Economic Forum, dubbed the Davos meeting after the Swiss resort where the meeting is held.

With the current limited visibility for the future of Japan, the country needs to find the best solutions for emerging challenges both in political and economic issues, and needs to pursue them, even though they may be only for a short-term period, analysts said.

For Japan, the Davos meeting is an opportunity to exercise one of its few options by taking an initiative in reaffirming the benefits of free trade, which is now under threat amid rising protectionism, and promoting the concept of trade on behalf of the global economy, economists said.

"The damage of the downward spiral of protectionism, now with Europe drawn into it, is very significant to the world economy," Toshiki Takahashi, a senior researcher at the Institute for International Trade and Investment, told The Japan Times. "Japan has to take a leadership role in ending the spiral."

Protectionism, as a matter of fact, was discussed at the G-7 Ise-Shima Summit, held in Mie Prefecture, and the participants reaffirmed their commitment to keep their markets open and fight all forms of protectionism. The threat to free trade, however, was not the primary focus of the discussions at the meeting then, because the aftermath of the leak of the Panama Papers, originally discovered in August 2015, still held the world's attention. Additionally, Trump was not considered a viable candidate for the U.S. presidency at the time.

The concern over protectionism grew after Trump became the official presidential nominee of the Republican Party in July, and the America-first pol-



People demonstrate against Brexit in London on July 2. KYODO

icy of his campaign intensified it. The Leaders' Declaration issued at the APEC Economic Leaders' Meeting held in Lima, in November, stressed the significance of securing free and open trade, and the 21 member countries reaffirmed their commitment and pledge to fight against all forms of protectionism.

For Japan in particular, the biggest and the most tangible near-term impact of Trump executing his presidential power as promised is the possible U.S. withdrawal from discussions on the Trans-Pacific Partnership (TPP), a trade agreement involving 12 pan-Pacific nations, including Japan and the U.S., economists said.

The framework of the economic alliance is now under discussion, or even in the ratification processes, in those nations except for the U.S. There, it is under direct threat after Trump made it official that he plans to pull out of the ongoing talks on his first day in office.

The impact of the U.S. withdrawal from the TPP talks is devastating to Japan in particular, economists said, as the trade pact is the centerpiece of Japan's future economic growth plan until 2020 under the current Shinzo Abe administration. Without the U.S. presence, the significance of the trade alliance will be lessened, and Japan's economic recovery plan will be in danger, they said.

One way for Japan to have Trump come around on this issue is to pro-

vide bilateral trade pacts with other countries, said Hajime Takata, chief economist at the Mizuho Research Institute. The move makes imported products from countries in trade alliances with Japan more attractive price-wise, and will eventually cost the U.S. more. Trump must realize it through cost-benefit analysis, he said.

"This way gives Trump an excuse to take back his pledge," Takata said in a phone interview. "Japan can put the TPP talks with the U.S. into a freezer for now, and can warm them up later to resuscitate the TPP."

Strong support for Trump in the Midwest and parts of the Rust Belt is believed to have delivered him the presidency, and Trump promised to bring more employment back to the region.

"Japan should make him realize that, to achieve his America-first policy, it is more reasonable to take part in the TPP talks, rather than to preserve the particular interests of the Rust Belt," Takahashi of the Institute for International Trade and Investment said.

On the security front, there are not many options on the table for Japan, as it is unclear for now how U.S.-Sino relations will progress from here, researchers said.

During his presidential campaign, Trump repeatedly said the U.S. couldn't serve as the policeman of the world. In Japan, this comment stoked the idea that the U.S. would reduce its forces in



Representatives of expected participating members of the Trans-Pacific Partnership pose in Auckland, New Zealand, in February. U.S. President-elect Donald Trump has announced his intention to pull the U.S. out of the TPP, a free trade pact among pan-Pacific countries. KYODO

the Asia-Pacific area, leaving a power vacuum in the region.

This view, however, was dispelled by another surprising move by Trump in early December when he had a phone conversation with Taiwanese President Tsai Ing-wen and disclosed it publicly. This act, coupled with his comments on Twitter questioning China's One-China policy, made Japan believe the U.S. will take a hard line against China.

In fact, this was underpinned by the speech of Admiral Harry Harris, commander of the U.S. Pacific Command, delivered at the Lowy Institute in Australia on Dec. 14, researchers said. Harris told the audience that it is in the U.S. national interest to continue its engagement in the vital region, and that U.S. security commitments in the region remains strong.

For now, researchers say it is believed that Trump will use his Taiwan call as a bargaining chip to gain an upper hand over China in trade negoti-

ations, but it is unclear what his real intentions are about how to use the chip on the security front between the two countries. So far, China has been taking a trial and error approach to figure out how to respond to Trump, said Hiroko Maeda, Research Fellow of the Center for International and Strategic Studies at the PHP Institute.

"Until now, Trump's unpredictability serves as a deterrent," the researcher told The Japan Times. "Much of his administration's attention on security issues is expected to be focused on Russia and ISIS to start, and it is unclear how much the Asia-Pacific region counts."

Another element grabbing the world's attention is recently growing populism, first evidenced in the U.K. with a move to withdraw from the EU in June last year, and then fanned during Trump's U.S. presidential campaign.

This year, Europe is the center of concern, researchers said, as a series of

elections is lined up through the year, starting with the Dutch general election in March, followed by the French presidential election in April, the French legislative election in June, and the German federal election in the fall.

Even so, it is questionable that populism will be a focal point of discussions at the Davos meeting, according to Sayuri Ito, a senior research fellow at the NLI Research Institute, partly because it is a difficult theme to discuss in a political arena. And, it is also because the world this time may not listen to any message produced at the meeting on this issue, she said.

The outcome of the U.S. presidential election, as well as the U.K. decision to pull out of the EU, represents the defeat of the establishment to the challenges made by the general public. Ordinary people believe that the establishment, despite past economic measures taken, has failed to improve their daily lives in reality, Ito said.

Davos Special

A taste of high-quality Japanese food and drink



STAFF REPORT

Davos participants again this year will have a chance to taste and experience the finest the world of Japanese gastronomy has to offer at the Central Sporthotel Davos on Jan. 18.

One of the most-popular events during the World Economic Forum meeting, Japan Night will be hosted by The Japan Night Organization Committee, which is comprised of representatives of about 25 major firms from the private sector in Japan. The Ministry of Agriculture, Forestry and Fisheries and the National Federation of Agricultural Cooperative Associations will support this year's event. "Japan Night aims to foster an understanding of Japanese food culture among the political and business leaders of the world through authentic *washoku* (traditional Japanese cuisine) and Japanese alcoholic drinks," said the organizing committee.

The annual reception is likely to be packed to capacity with more than 500 guests, including government leaders, business executives and academic experts from around the globe.

During the two-hour reception from 7 p.m., the guests will be served a variety of exquisite Japanese dishes, including *nigiri-zushi* (hand-rolled sushi), *shabu-shabu* hotpot featuring wagyu and *wagashi* (traditional Japanese confectioneries). The organizers set out to offer "genuine *washoku*" at Japan Night, using premium foodstuffs such as rice, wagyu, *huri* Japanese amberjack and *hotate* Japanese scallops.

In 2013, *washoku* was added to UNESCO's Intangible Cultural Heritage list, in recognition of Japanese cuisine as "a social practice based on a set of skills, knowledge, practice and traditions related to the production, processing, preparation and consumption of food." UNESCO noted that it is "associated with an essential spirit of respect for nature that is closely related to the sustainable use of natural resources."

A wide variety of Japanese beverages will also be available to the guests, including *nihonshu* (sake), Japanese whisky and wine. Furthermore, demonstrations are sure to delight the guests. One of them is the "Nigiri-zushi Live Performance," which features skilled chefs preparing fresh hand-rolled sushi in front of the guests gathered at a counter.

"We want the guests to taste fresh sushi and at the same time see the superb techniques through deft handling, as well as



Japan Night organizers break open a ceremonial sake barrel to kick off the 2016 event. JAPAN NIGHT ORGANIZATION COMMITTEE



Top: Klaus Schwab, founder and executive chairman of the World Economic Forum, speaks during the Japan Night reception in January 2016. Above: Calligraphy artist Maaya Wakasugi paints a character at the 2016 event. Bottom left: A chef makes hand-rolled sushi. Bottom right: Guests are able to enjoy various Japanese delicacies. JAPAN NIGHT ORGANIZATION COMMITTEE

the beauty of the skill," the organizers said.

Another must-see act is a performance featuring Japanese kitchen knives. A chef will perform *kazarigiri*, showcasing his skillful handling of knives to cut vegetables into various shapes for decoration. These decorative vegetables are exhibited at the site so that guests can appreciate their beauty and delicacy, the organizers noted.

The guests will also be serenaded by *so* (Japanese harp) during the reception.

"We hope guests will fully enjoy the cuisine culture nurtured in Japan such as delicate Japanese dishes prepared by leading *washoku* chefs, in addition to Japanese sake, whisky and wine," the organizers said.



Top-quality sake from Fukushima Prefecture and premium Suntory Japanese whisky (right) are served during the 2016 event. JAPAN NIGHT ORGANIZATION COMMITTEE

Japan Night 2017 DAVOS



dentsu



HITACHI Inspire the Next



kikkoman

LAWSON

LIXIL Link to Good Living

Marubeni

Mitsubishi Chemical Holdings

Mitsubishi Corporation

MITSUBISHI HEAVY INDUSTRIES GROUP

MITSUI & CO.

MIZUHO

NISSAN MOTOR CORPORATION

NOMURA

OSAKA GAS

SGH

SG HOLDINGS CO., LTD.



SOMPO HOLDINGS

SUNTORY

TEIJIN

TOKIO MARINE

TOSHIBA Leading Innovation >>>



UNISON CAPITAL

Davos Special

Sport provides path to economic prosperity, world peace

Minoru Matsutani
STAFF WRITER

Recently, "Team Japan" scored quite a few points in leading the world in the promotion of sports and culture to achieve economic prosperity and world peace.

The central and local governments, as well as the public sector, worked together in October to bring success to the World Forum on Sport and Culture, which was attended by several thousand people from all over the world.

One remarkable aspect of the event was that politicians in charge of sports promotion from as many as 69 countries, including more than 30 sports ministers or equivalent-level politicians, attended the forum.

"It's quite a big deal that a single country was able to attract this many sports-related political executives. This must be a first in the world," said Kumi Fujisawa, an advisor to the Ministry of Education, Culture, Sports, Science and Technology, as well as the head of the Office of World Forum on Sport and Culture. "The World Forum on Sport and Culture was a big success as so many people who oversee sports came to see Japan."

An international forum on sports of this large scale is probably comparable only to the International Conference of

Ministers and Senior Officials Responsible for Physical Education and Sport (MINEPS), inaugurated in 1976 by UNESCO. The discussions that took place in Japan's forum will be addressed again in MINEPS VI, which is scheduled to take place in Kazan, Russia, in July.

"Japan has learned how to make contributions via sports to the world, especially developing countries," Fujisawa said.

Fujisawa also attributed the success to the fact that the public and private sectors united to make the forum a great opportunity to showcase Japan's commitment to become the world leader in sports and culture.

The World Forum on Sport and Culture was held in Kyoto on Oct. 19 and 20 and in Tokyo from Oct. 20 to 22, hosted by the sports ministry, the Agency for Cultural Affairs and the Sports Agency, and saw significant support from the private sector.

"This event was a public-private collaboration in the truest sense," she said. "Until now, similar events were funded by the private sector and the public sector was in charge of realizing them. But this time, both contributed similar amounts of money, were equally engaged in practical preparatory work and shared the responsibilities."

She also added not only large corpo-

rations provided support, but small venture companies did as well by creating promotional movies, lending servers and offering other support.

Japan's commitment to make the forum successful is connected to Tokyo's winning the bidding for the 2020 Olympics and Paralympics in September 2013, soon after which the ministry began working on holding the forum.

Also, the timing of the forum was ideal as it was held just a month after the Rio de Janeiro Olympics and Paralympics finished and global attention turned to Tokyo, the venue of the next Summer Games.

Japan will also be hosting other major international sporting events, including the Rugby World Cup 2019 and the Kansai World Masters Games 2021, making the forum even more relevant.

Japan's commitment was evident as Nijo Castle, a UNESCO World Heritage site in Kyoto, held a number of unprecedented events to entertain foreign government officials and executives in charge of sports and culture.

The guests enjoyed the feeling of how it was to be a Japanese emperor receiving the highest quality of hospitality from a shogun at Nijo Castle on the evening of Oct. 20. Forum attendees were treated to a cultural event recreating the 17th-century reception of Emperor Go-Mizunoo by Tokugawa Iemitsu, the third Tokugawa shogun.

Ninomaru Palace of Nijo Castle was used for the first time as the venue for an event showcasing a wide range of traditional Japanese culture. The event included *rikka*-style flower arrangement by Senko Ikenobou, a bonfire, a white horse at the Karamon entrance gate and performances of *noh* and court music.

The castle's *shoji* were open to provide a better view of the illuminated Ninomaru Palace. The *shoji* have rarely been opened, but the ministry has persuaded the city of Kyoto to open them and do some other unprecedented things to make the event the best it could be, Fujisawa said.

The event was followed by Ikuko Kawai's violin concert, "The Oriental Opera," which offered an unprecedented majestic blending of East and West.

"These events offer a lesson on how

to utilize cultural properties" for commercial purposes, Fujisawa said. "Also, we probably learned how to deepen international understanding on Japanese culture via not only anime and other pop culture, but also through Zen, the tea ceremony, *noh* and other traditional culture."

Another popular event was "The Land of the Rising Sun," which combined a variety of performances by Japan's cutting-edge creators and celebrated performers from many different artistic backgrounds showing the values and spirit that Japanese have treasured throughout history. The performance traced the lineage of Japan from its ancient beginnings through modern daily life in Tokyo.

"That may have given attendees a glimpse of what the opening ceremony of the Tokyo Olympics and Paralympics would be like," Fujisawa said.

The gathering, also supported by the World Economic Forum, saw Japanese and non-Japanese, including those invited by the WEF, participate in debate sessions on business. Japanese participants were able to gain firsthand experience of what international symposiums are like, she added.

The forum, co-hosted by Kyoto Prefecture, the city of Kyoto, the Nippon Foundation and the nonprofit organization Entrepreneurial Training for Innovative Communities, featured numerous speeches by prominent leaders of international sporting events.

The Tokyo Organizing Committee of the Olympic and Paralympic Games President Yoshiro Mori, International Olympic Committee President Thomas Bach, International Paralympic Committee President Philip Craven, World Rugby Chairman Bill Beaumont and WEF Founder and Executive Chairman Klaus Schwab each delivered speeches.

There is a deep-rooted connection between the World Forum on Sport and Culture and the WEF. Shortly after Tokyo won the bid to hold the 2020 Games in September 2013, then-sports and culture minister Hakubun Shimomura spoke to WEF's Schwab about holding an international forum on sports and culture.

The significance of the partnership with the WEF is its ability to send messages to the world. The WEF is the organizer of the annual international



Top: Sports ministers from around the world meet in Tokyo on Oct. 21. Above: Kimono-clad women greet visitors at the ROHM Theatre Kyoto, the venue of the Kyoto Opening of the World Forum on Sport and Culture on Oct. 19. OFFICE OF WORLD FORUM ON SPORT AND CULTURE

business conference known as Davos, which sees many world-renowned politicians, businesspeople and other influential people as speakers, panelists and attendees.

The WEF brought such people to World Forum on Sport and Culture. Hundreds of so-called Young Global Leaders and company CEOs from outside Japan who already had strong connections with the WEF came to the World Forum on Sport and Culture.

The timing of IOC President Bach's visit to Tokyo was also impeccable as he was able to talk to Tokyo Gov. Yuriko Koike about the venues of the games. Decisions on the venues were delayed after Koike, who assumed the post in August, revised venue construction plans to cut costs.

Bach's visit to Tokyo, which had been planned two years ago, was seen as likely to speed up the discussions on venues.



International Olympic Committee President Thomas Bach delivers a speech during the World Forum on Sport and Culture in Tokyo on Oct. 20. OFFICE OF WORLD FORUM ON SPORT AND CULTURE

Shaping the future via collaborative efforts

Global events in 2016 have reminded decision-makers that the more complex a system, the greater a community's concern about its future. The weakening of multiple systems has eroded confidence at the national, regional and global levels. And, in the absence of innovative and credible steps toward their renewal, the likelihood increases of a downward spiral of the global economy fueled by protectionism, populism and nativism.

All the while, the fourth industrial revolution continues to drive the convergence of technologies that blur the lines between physical, digital and biological systems. Our interdependence will not diminish, but more agile, inclusive and collaborative responses are urgently needed to address the complexity and uncertainty in people's lives. We must hone our capacity to manage the systems that underpin our prosperity and security.

Collaborative efforts in the 20th century yielded the norms, policies and institutions that collectively served as a protective system until today. It is imperative that we again shape such systems through more inclusive development efforts. Enhanced international cooperation and earnest multicultural dialogue are critical to advancing innovations for greater societal impact. The 47th World Economic Forum annual meeting therefore aims to rededicate leaders from all walks of life to achieve common goals and drive new initiatives.

The emergence of a multipolar world cannot become an excuse for indecision and inaction, and that is why it is imperative that leaders respond collectively with credible actions to improve the state of the world. "Responsive and Responsible Leadership" is the theme driving the design of the program, initiatives and projects of the 2017 WEF annual meeting.

By coming together at the start of the year, we can shape the future by joining this unparalleled global effort in co-design, co-creation and collaboration. The meeting in Davos remains a global platform unmatched in engaging leaders from across business, government, international organizations, academia and civil society in peer-to-peer working sessions. The program's depth and breadth make it a true summit of summits.

Responsive and responsible leadership requires recognizing that frustration and discontent are increasing in the segments of society that are not experiencing economic development and social progress. Their situation will only become more uncertain with the onset of the fourth industrial revolution and its impact on future employment. Responsive and responsible leadership therefore entails a deeper commitment to inclusive development and equitable growth, both nationally and globally. It also involves working rapidly to close generational divides by exercising shared stewardship of those systems that are critical to our prosperity.

In the end, leaders from all walks of life at the 2017 meeting must be ready to react credibly and responsibly to societal and global concerns that have been neglected for too long.

The theme of the meeting calls on global leaders to renew the systems that have supported international cooperation in the past by adapting them to today's complex, multipolar world in ways that foster genuinely inclusive and equitable growth.

To build on this theme, the program focuses on five "gravi-



Klaus Schwab, founder and executive chairman of the World Economic Forum, speaks to the audience at the opening of the 2016 WEF annual meeting in Davos, Switzerland, in January 2016. WORLD ECONOMIC FORUM

ty centers," each constructed to help leaders address distinct, yet related, critical challenges in 2017:

Strengthening systems for global collaboration

Updating and redesigning our systems for international cooperation to better manage the effects of globalization

Addressing identity through positive narratives

Inspiring optimism and trust in the future, even as our world gets smaller and more complicated

Revitalizing the global economy

Developing the skills and deploying the capital to address slow growth, unemployment and finance the U.N. Sustainable Development Goals

Reforming market capitalism

Addressing short-term thinking, self-interested behavior and corruption to build a new compact between business and society

Preparing for the fourth industrial revolution

Preparing workers and economies for the coming convergence of technology and humanity

"Our world continues to become increasingly interdependent, even as political events signal a desire for isolation and a retreat from globalization. To address both of these daunting forces, we must strive for better global governance and leadership systems that are responsive to the need for social inclusion and responsible in finding constructive answers to our multiple global challenges," said Klaus Schwab, WEF founder and executive chairman.

The 47th WEF annual meeting will take place from Jan. 17 to 20 in Davos-Klosters, Switzerland. More than 2,500 participants from nearly 100 countries will meet and participate in over 300 sessions.

The Federal Council of Switzerland recognized the WEF in 2015 as an International Organization for Public-Private Cooperation.

Text excerpted from the World Economic Forum's website

Improved innovation through gender equality

STAFF REPORT

Gender equality is one of the areas that the World Economic Forum strongly emphasizes as the organization, which has been publishing the annual Global Gender Gap Report since 2006, believes that half of the world's talent — women — should be better integrated into the workforce to boost the world economy.

Companies must not ignore the fact that the promotion of diversity, including gender equality, generates public support and improves the chances of hiring talented people to sharpen their competitive edges against rivals in an ever-changing business landscape.

Some international corporations are racing to reinforce gender-equality human resources management systems, while other corporations struggle to make the changes.

Japan notoriously lags behind other developed countries in this area. According to the WEF's 2016 Global Gender Gap Report, Japan is ranked 111th out of 144 countries, behind Ethiopia at 109th and Nepal at 110th.

Working under the assumption that the base salary for Japanese men was 100, another survey on gender pay inequality showed the salary level for Japanese women was 72.2 in 2015, according to the Ministry of Labor, Health and Welfare and the Japan Institute for Labor Policy and Training. Japan's figure is lower than Sweden's 88, France's 84.9, the 82.5 seen in the U.S., Britain's 82.4 and Germany's 81.1.

However, a Japanese company was recently honored for defying this trend. In November, Philip Morris Japan Ltd. won an award recognizing the Japanese unit of the U.S. tobacco giant as one of the most female-friendly companies in the world.

For its efforts at salary equality between men and women, Philip Morris Japan was awarded Equal-Salary Certification by the Switzerland-based nonprofit organization Foundation Equal-Salary. The company is the first to earn the certification outside Switzerland.

"We are very proud of being the first company outside of Switzerland that won the certification," said Sachiko Okamoto, a member of Philip Morris Japan's human resources department.

Philip Morris Japan is just the 19th company certified by the foundation. The 18 other companies, including the WEF, the organizer of the annual meeting of global financial leaders dubbed Davos after the Swiss resort at which it is held, are all based in Switzerland.

To receive the certification, compa-



Philip Morris Japan President Paul Riley (left), Foundation Equal-Salary Founder and CEO Veronique Goy Veenhuys (center) pose with others at the ceremony held to award the Japanese unit of the tobacco giant with Equal-Salary Certification in Tokyo on Nov. 29. MINORU MATSUTANI

nies must meet various criteria, such as a gender wage gap of less than 5 percent and a management commitment to achieve salary equality. The foundation's screening process involves analytical methods developed by the University of Geneva.

Foundation Equal-Salary founder and CEO Veronique Goy Veenhuys came to Japan to attend the award ceremony in November. Moving forward, she said the foundation will seek out companies deserving the certificate outside Switzerland, and praised Philip Morris Japan for its accomplishment.

"Not many Japanese companies are very aware of the (equal salary) issue. I'd be honored if our being awarded the certificate triggers movement in other companies," Okamoto said.

Philip Morris Japan has had a clear policy to determine salaries based on employees' competency, regardless of their gender, race, family structure or other factors.

"It's not easy to review the pay scale and implement a new salary system to get the certification," she said. "We've long had a corporate culture of 'the same salary for the same work.'"

The company's reason for commitment to gender equality mirrors that of the WEF, to show that gender equality works in favor of the economy.

"The environment changes dramati-

cally in our industry and we need to continuously come up with good and innovative product ideas to survive in the market. Diversity, therefore, is a fundamental factor that contributes to com-

ing up with new ideas," she said, adding that the success of IQOS smokeless cigarette is also owed mainly to diversity. The company's goal in the near future is to increase the ratio of female employees in its sales subsidiaries. The company has been expanding by acquiring tobacco sales companies, most of which have very high male-to-female employee ratios. As a result, about 30 percent of positions in Philip Morris Japan's back offices — such as accounting, human resources and business planning — are filled by women, while only 6 percent of sales division roles are filled by women.

Okamoto also praised Prime Minister Shinzo Abe for his initiative of promoting female talent in Japan. His administration set targets specifying percentage goals for female executives in companies and other similar targets.

"Many companies have started thinking of how their employees work since then," she said.

The company also has recently enjoyed another similar honor when it was given an award in the "leader turn-out" category, as well as taking fifth place in the category of corporations with 1,000 or more employees in Forbes' Japan Women Award 2016, on Dec. 19.

The Japan Times also took fifth place in the category of corporations with less than 300 employees, and The Japan Times Managing Editor and Executive Operating Officer Sayuri Daimon won the "leader that makes innovation happen" award in the Japan Women Award 2016.

Davos Special

Ancient seat of Japan's warrior culture

Tyler Rothmar
STAFF WRITER

The origin of Japan's ruling class extends into the mists of ancient history, far before the country was unified after a period of civil wars and well into the first millennium A.D.

Warriors, called *bushi*, began as the armies of aristocratic factions centered around the Imperial court in Kyoto, but soon eclipsed the nobility entirely to usurp control of the nation, such as it was. The clans they formed fought for supremacy, and in the year 1185, the Minamoto clan defeated the rival Taira clan in the Genpei War.

Shortly thereafter Minamoto no Yoritomo chose for the seat of his military government a place in the east for which a period of Japanese history was later named: Kamakura.

The Kamakura Period (1185-1333) saw the first real flowering of the bushi culture that was to dominate Japan with little significant interruption until the Meiji Restoration in 1868.

The modern city of Kamakura and its surrounding area are full of reminders of the pivotal time almost a thousand years ago when it was the de facto capital. In an effort to promote this rich history, "Temples, Shrines and Other Structures of Ancient Kamakura" was registered on the UNESCO World Heritage tentative list in 1992. The concept was later refined as "Kamakura, Home of the Samurai" in 2004, and the full-fledged push for UNESCO inscription began in 2007.

In January of 2012 the Japanese government submitted the final nomination dossier to the UNESCO World Heritage Center. Although the decision was taken in 2013 not to inscribe Kamakura as a heritage site, it remains a fascinating porch into the past and an easy day trip from Tokyo.

Located on Sagami Bay in Kanagawa Prefecture, Kamakura was a natural choice for Minamoto no Yoritomo, not only because it was his family home, but also because the area's geographical features protect it. Bordered by the Pacific Ocean to the south and ringed by mountains on land, Kamakura is a natural stronghold that was safe enough for long enough to incubate deep traditions, including Buddhism, Shinto and tea culture, that were carried forward over the

centuries of warrior rule to come.

What survives are several Buddhist temples, two Shinto shrines, sites of past temples and warrior residences, the remnants of a port, the Daibutsu Buddha statue, and a network of mountain passes through which access to Kamakura was strictly controlled.

At the very heart of Kamakura, and connected to the sea by Wakamiya Oji Avenue, a promenade dating to 1182, is Tsurugaoka Hachimangu Shrine. This site, the home of a Shinto deity, was so central to the bushi identity that it was guarded and repaired by subsequent warrior governments all the way through to the Edo period (1603-1868).

Thousands through it each year on the night of Dec. 31 and shiver together in the cold, waiting to climb its steps, throw coins and offer New Year's prayers. In spring, on the third Sunday in April, a demonstration of *yabusame* (mounted archery) can be seen at the temple. Nearby Egara Tenjinsha, another important Shinto shrine, houses a deity thought to ward off ogres.

Alongside the Shinto sites, Buddhist temples have also thrived, many of which are important to the history of the "middle way's" propagation in Japan. The builders of Kamakura placed these temples chiefly in the mountains, at key strategic points along the seven main *kiridoshi* passes, narrow, closely guarded paths that were the only access points to the city.

Founded in 1200 by Eisai, who brought the Rinzai transmission of Zen to Japan from China, Jufukuji was Kamakura's first Zen temple, and as Eisai also brought the first tea seeds from the mainland, it is the root of the tea ceremony as well. It was built on the former site of Yoritomo's father's residence, and sits at the intersection of two main *kiridoshi* passes.

Kenchoji, too, stands at a focal point for travel and defense. During the Kamakura period it maintained a strong connection with China, and even today it remains a venue for the training of monks, with certain areas of both temples off-limits to tourists. There are many other temples of note in Kamakura, including Engakuji and Zuisenji, all with unique histories that will reward deeper study.

After Tsurugaoka Hachimangu Shrine, the Daibutsu, meaning Great



Above: Tsurugaoka Hachimangu Shrine; Left: Daibutsu (Great Buddha) in Kotokuin



Buddha, is perhaps Kamakura's most famous monument. Cast in bronze and standing just over 13 meters tall, construction was undertaken in 1252 and took more than a decade. It sits in Kotokuin, a Buddhist Pure Land temple, and was once protected by a larger structure that was destroyed and rebuilt several times. Today, as in the past half a millennium, all 93 tons of it sits under the open sky. Although the stone dais at its base has been destroyed several times by earthquakes, the statue itself remains much as it was when it was cast, displaying elements of traditional Chinese design, as well as Japanese artistic innovation.

Kamakura also features a number of

archaeological sites, including the remains of Yofukuji and Toshoji temples, the Hokkedo Buddha Hall, a samurai residence of the Hojo clan, and Wakaenoshima Port, a ruin that is the oldest example of a man-made port in Japan that dates back to 1232. Although it is submerged at high tide, what's left of it rises from the waves during low tide in the spring.

Despite the presence of so much ancient history, Kamakura itself is a modern Japanese city. Padding its paths on foot all day is enough to tire anyone out, and travelers might consider the occasional taxi or train to ferry them from point to point.

There are several ways to get to Kamakura from Tokyo, but the cheapest is the Odakyu railway line's ¥1,470 round-trip ticket from Shinjuku Station, called the Enoshima Kamakura Free Pass, which includes use of the Enoden Line within the city.

For more information, visit <http://en.kamakura-info.jp>.



UNESCO World Heritage sites in Japan

Japan had its first World Heritage sites registered in 1993 when UNESCO registered Buddhist monuments in the Horyuji Temple area, Himeji Castle, Yakushima Island and the Shirakami-Sanchi beech tree forest. Since then the country has added more sites and now boasts the 20 shown above.

Natural World Heritage sites show magnificent views of four seasons while cultural World Heritage sites remind people of the deep, unique history of Japan.

The Atomic Bomb Dome (Hiroshima Peace Memorial) is a reminder of a negative legacy that should never be forgotten.

Mount Fuji is a world-renowned mountain praised by ancient poets for its beauty and visited by many tourists.

Horyuji Temple is widely recognized

as one of the oldest wooden structures in the world and sits at the heart of Nara, which is known for its collection of temples and other historic sites.

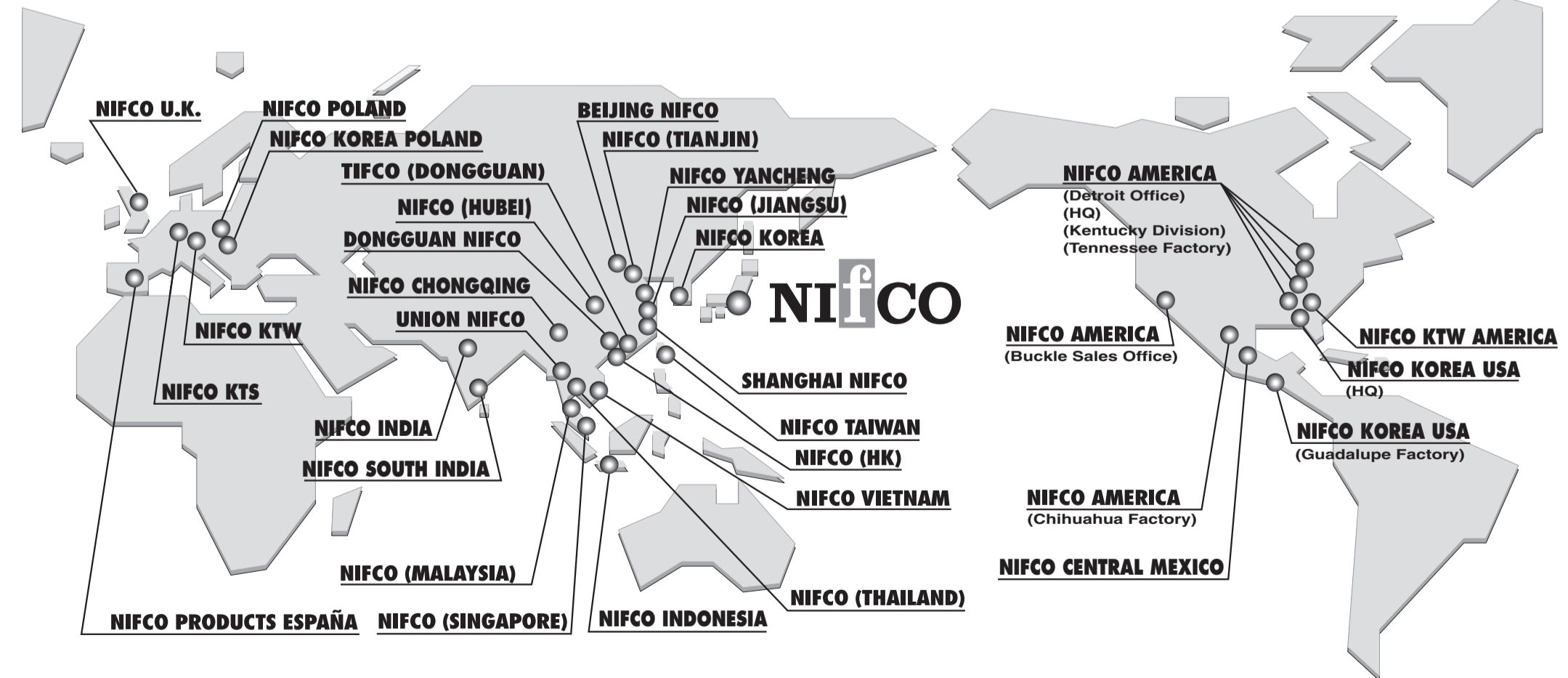
The Ogasawara Islands are home to many unique species and are a mecca of whale watching.

The shrines and temples of Nikko, together with their natural surroundings, have for centuries been a sacred site known for architectural and decorative masterpieces. They are closely associated with the history of the Tokugawa Shogunate.

Japan also hopes to add more locations to the list of World Heritage sites. It has 10 sites on the tentative list, including the temples, shrines and other structures of ancient Kamakura (see article on right). Others include Hikone Castle and churches and Christian sites in Nagasaki.

Nifco's group companies span industrial and national boundaries

Using its fastening technology as a base, Nifco has successfully incorporated different fields, products and technologies into its business. Continually expanding by "connecting, bundling and joining" different technologies, Nifco has grown beyond its beginnings as a fastening company and is now a global player in many areas. Nifco's principle of "Value Fastening" focuses on combining an array of existing values to create new value. With an increasing number of international customers, Nifco continues to overcome challenges and seek out new fields of business.



Davos Special

A future of promise and pitfalls as AI technology advances

Shusuke Murai
STAFF WRITER

On a Sunday afternoon in 2035, a man in Tokyo is consulting a robot as to what he should eat for dinner.

"It seems that you have a heavy feeling in your stomach today; I suggest fish and vegetables," the robot said, based on the man's health data retrieved automatically from a device he is wearing. "I would suggest ordering a cabbage from this farm, as it matches your preference for pesticide residue limits."

"Okay," the man says. Soon after the cabbage was delivered from the farm by drone, the robot installed a recipe data file to a cooking machine to prepare dinner for the man.

This is a scene of daily life that the government envisions as the future of Japan's "super smart society," where all individuals can receive the necessary services they need regardless of differences in age, gender, region and language.

Japan has long been gearing up for developing information technology and robotics powered by artificial intelligence (AI).

Last year, the government launched the Fifth Basic Plan for Science and Technology, which, by promoting the development of advanced technologies such as the "Internet of Things (IoT)," big data and AI, aims to set the foundation for a smart society by March 2021.

Tokyo believes technological advancement is a much-needed boost for industries in Japan, where the dwindling workforce caused by the falling birth rate and an aging population has been an imminent threat.

In the Japan Revitalization Strategy 2016, the government said it aims to cover the labor shortage by improving the productivity of the industrial world through the paradigm shift brought by advanced technologies like AI and IoT.

Indeed, the expectation is high on the rise of advanced AI, which has achieved some notable milestones in 2016.

In March, the AI-based computer

program AlphaGo, developed by Google subsidiary DeepMind, stunned the world when it defeated South Korean go grandmaster Lee Sedol in a five-game match of the ancient board game that requires strong intuition and creative thinking.

And in August, it was learned that Watson, IBM's artificial intelligence platform, helped doctors rapidly diagnose a rare type of leukemia that conventional tests had failed to detect — possibly the first case in Japan that an AI-powered program contributed to saving a patient's life.

The present hype over AI, which began early this decade, can be described as the "third AI boom," according to Yutaka Matsuo, project associate professor at the University of Tokyo.

The current innovation surrounding AI is largely driven by the rapid growth in a method of machine learning called deep learning, Matsuo, Japan's leading AI expert, said during an interview with

when implemented in security cameras — like identifying drunken drivers or people inclined to start fights in the street.

Although tech giants in the West have led the competition over information technology, Matsuo believes Japan can catch up in the development of deep learning because the innovation happening now is around image processing technology, an area where Japan leads the world.

"In deep learning, Japan still has a great chance to compete, and an excellent opportunity to gain great benefit out of it," he said.

Meanwhile, some critics fear that smarter AI and robotics may put people out of work.

According to a report published jointly in December 2015 by private think tank Nomura Research Institute and Oxford University, researchers predicted that advanced robots and AI would replace about 49 percent of Japan's workforce within 10 to 20 years.

The report further explained that jobs that didn't involve special knowledge or skill — including receptionists, taxi drivers, delivery workers

and security guards — would be taken over by machine, while those that require creativity and the ability to understand others — like economists, video game creators, teachers and writers — would remain in human hands.

Some experts, including Noriko Arai, a mathematician at the National Institute of Informatics, believes the chilling future predicted in the report is not far off the mark.

After five years of developing AI that aims to pass the entrance exam of the prestigious University of Tokyo, or Todai, Arai concluded that Japan needs to improve students' reading comprehension — an area where AI has yet to catch up — before improving AI.

"The worst-case scenario is, from 2021, when the number of people aged 22 or below will drop off significantly, the world will be short of workers, but the number of unemployed will increase as well," Arai said during an

'The key thing would be whether people are able to exploit machines to supplement their abilities.'

Noriko Arai

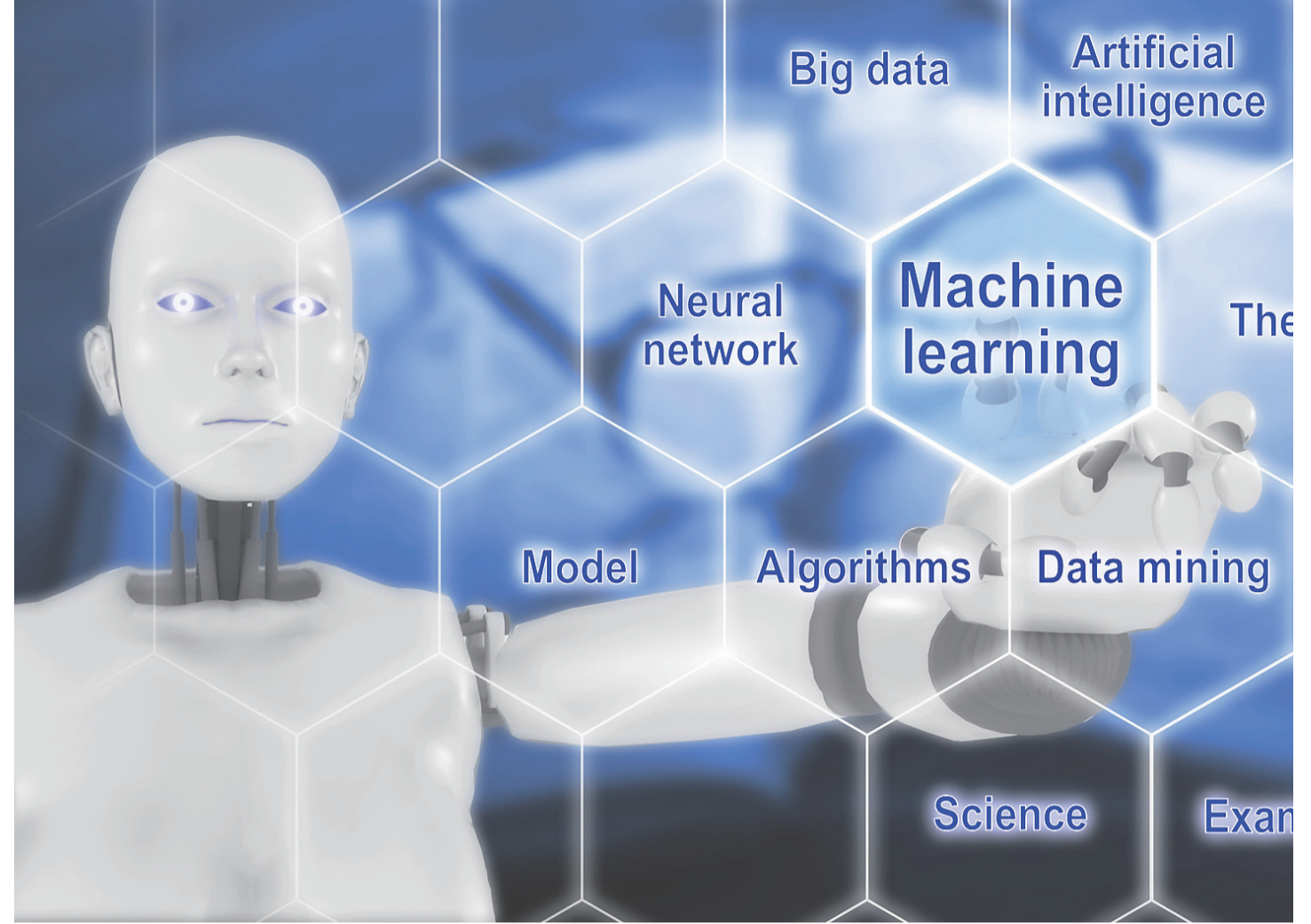
The Japan Times last year.

Thanks to deep-learning technology, which is inspired by how the human brain learns things, artificial intelligence has become able to automatically extract patterns from vast amounts of image data and classify them without being instructed by human beings.

The changes happening around deep learning are "revolutionary," Matsuo said.

"Let's say there was a person with a brain disease. The healthy eyes send visual information to the brain, but it cannot recognize what it's seeing. ... That has been the conventional computer," Matsuo said.

But deep-learning technology provided computers with image recognition ability that even surpasses that possessed by humans, he said, adding that the technology can, for example, be used to detect possible incidents



AI and deep learning will play a crucial role in the world's rapidly changing employment landscape. ISTOCK/BEEBRIGHT

interview with The Japan Times.

As a result of her much-noted Todai Robot Project, the ultimate aim of which was to gauge AI's possibilities and limits, while predicting the future of an AI-enhanced society, Arai found that AI is good at answering fact-based questions — better than most test takers — because it can take advantage of the vast information stored in its database to find answers.

However, AI failed to come up with correct answers requiring common knowledge not outlined in the question, because it merely output most likely answers after interpreting a question by identifying keywords and phrases. Therefore, the AI cannot think outside the box or have the kind of

deep understanding humans have about the meaning of a question.

Despite the limitations in machine's capabilities, Arai paints a bleak picture of the future because she found out that many students lack ability to think creatively — the thing that gives them an edge over machines.

That is why she last year decided to pause her AI's quest to enter the University of Tokyo, and instead focus on improving students' scores on a reading skill test, a multiple choice test

developed by the project team to test their ability to visualize an image from a written sentence — essentially to think for themselves — so that they can survive the AI-saturated society.

"The key thing would be whether

people are able to exploit machines to supplement their abilities, rather than follow what machines tell them to do," Arai said.

Arai's view on how to survive an AI-powered society is also shared by Matsuo, who believes the essence of the change in the society is not about stealing human jobs, but about redefining tasks to allow people to focus on more creative, communicative things rather than the repetitive, menial labor that computers are better at performing.

"The important thing is to continue updating their skills to keep up with changes in their tasks rather than to be satisfied with skills and knowledge they acquired in the first 20 years of their lives," he said.

Global cooperation needed in uncertain times

Sayuri Daimon
STAFF WRITER

The world in 2016 saw many events signaling the rise of protectionism and populism, ranging from Brexit to Donald Trump's victory in the U.S. presidential election and people's fear of job loss due to immigrants and artificial intelligence (AI) development.

An executive of the Geneva-based World Economic Forum, which hosts the annual Davos meeting of corporate, government, academic and civil leaders in Davos, Switzerland, believes that in such uncertain times, global leaders need to come together to tackle newly emerging issues and Japan can take initiative in showing how to solve these problems.

"We're not trying to solve yesterday's problems. We should acknowledge that there are new problems on the horizon," WEF managing board member Lee Howell said in a recent interview in Tokyo. "It requires engagement of the public sector, private sector and civil society."

With that in mind, the theme of this year's WEF annual meeting, which kicks off on Jan. 17, is "Responsive and Responsible Leadership."

Howell said that certain political events around the world last year like Brexit have raised a notion of responsiveness and responsibility in people's consciousness.

While British people search for their identity, some are wondering whether the referendum that took place last June was beneficial.

"It (the referendum) actually led to more uncertainty to some degree, and this is why we need responsive and responsible leadership," he said.

Howell said that populist reactions seen in some parts of the world are premised on the fact that incumbent leaders have not been responsive enough to solve problems. At the same time, those people who are calling for a radical change, are often not responsible, making policy proposals that are short-sighted and regressive.

"Our leaders have to listen to all stakeholders and act on their shared mutual interests in a responsible way," he said. "Responsible means whatever actions are taken, the unintended consequences for future generations need to be thought through."

Howell, who compiled the WEF's global risk report in 2011 as an editor, said the report at that time already highlighted income disparity as a major global risk.

The 2012 annual report's executive summary described income disparity



Lee Howell, a managing board member of World Economic Forum, speaks with The Japan Times in Tokyo in December. SATOKO KAWASAKI

along with economic, environmental and geopolitical risks. The interplay among these risks could result in high unemployment as the largest population of retirees in history becomes dependent upon already heavily indebted governments, it said.

"Young and old could face an income gap, as well as a skills gap so wide it threatens social and political stability," the report noted.

Howell said this issue of income disparity could erode the middle class, which is the foundation of most economies.

"If the narrative around the middle class is that it is shrinking and opportunities are lessening, we're going to enter a very different political space," he said.

"It's hard to develop a global or regional identity if you feel your national identity is threatened," he said. "People in the U.K. are Europeans, but the sense of identity, the affinity to Brussels has diminished from what it was from a decade or two ago."

Meanwhile, the U.S. may also be steps away from global major issues with Trump in charge.

"We already know President-elect Trump's views on NATO, the TPP, climate change and the Middle East. The U.S. is going to take a step back and

assess its own situation before it commits more to these issues," Howell said.

Regarding the fourth industrial revolution, where AI will possibly replace an increasing number of jobs, Howell said it could also be a threat to the middle class.

"AI doesn't know national boundaries ... We can anticipate most future job displacement will be technology-related, not trade-related," he said.

Thus, Howell said that this year's Davos is focused on five issues. These are preparing for the fourth industrial revolution; strengthening systems for global collaboration; revitalizing the global economy; reforming market capitalism; and addressing identity through positive narratives.

"I think the more we have people coming together considering them, the more chances for solutions. That's what the Davos platform is about," he said.

In October, the WEF established the World Economic Forum Center for the Fourth Industrial Revolution. The center aims to advance global cooperation on the fourth industrial revolution by defining policies for agile technology governance.

It will unite entrepreneurs, start-ups, investors, businesses, regulators, policy makers, NGOs and academia from around the world.

"How do you govern new technologies to serve society in humanity's best interest? These experts will research developing principles and guidelines to deploy these technologies," he said.

Howell said Japan could take a leadership role in tackling world issues, as its government is among the most stable in the G-7.

"It's aging rapidly. The world will become much more like Japan to some degree. It's very much aware of climate. We need to become sustainable in terms of energy policies. There are many areas where Japan could be a leader," he said.

"Japan is using technology to help as society ages. It's one of a few places where robots are seen as friends, not threats," he said.

Unlike other nations where migration is becoming a serious concern, Japan has the opposite dilemma. Japan may have to rethink immigration, as well as invite more women into the workforce because technological solutions are limited, he said.

The question is how can Japan better deploy the people it has, he said.

"It's more about an opportunity that can be taken than a challenge to overcome," he said, adding that Japan can offer more positive narratives than many other countries.

OJI

Beyond the Boundaries



We Are Beginning the Next Era.

The Oji Group has survived various changes in eras 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.

OJI HOLDINGS



MAURITIUS

The only route to Africa



Japan announces \$30 billion investment into Africa and turns to Mauritius for safe passage

Blessed with an abundance of natural assets, Mauritius is an agile and open investment hotspot that is enticing major Japanese FDI

The high-profile inauguration of the first Japanese Embassy in Mauritius marks the latest milestone in the blossoming relationship between the pair and represents an exciting new chapter in the island's socio-economic development.

The decision to establish a permanent diplomatic presence in the capital Port Louis is a clear statement of intent by Japan and underlines the great confidence, high esteem and strong trust Japan places in its smaller partner as it looks to capitalize on the republic's excellent natural and human assets and enviable strategic location.

At the Sixth Tokyo International Conference on African Development (TICAD VI), which was held in Kenya in August, Japanese Prime Minister Shinzo Abe highlighted his desire to elevate the pair's bilateral relations to a new high.

His firm commitment to Mauritius includes the allocation of an undisclosed slice of the \$30 billion Japan has pledged to invest in Africa by 2020 on projects such as infrastructure development and better access to education and healthcare services for people of all ages.

Real competitive advantage

Indeed, it is easy to see why Japan is so interested in expanding its presence in this corner of the Indian Ocean as Mauritius enjoys an outstanding reputation as a safe and secure investment hotspot that boasts a thriving middle-income diversified economy and cohesive society.

A glance at other financial and investment benchmarks proves why Mauritius is so popular with investors in many industries.

The country of 1.2 million people is ranked first in Africa for ease of doing business, competitiveness, economic freedom



Anerood Jugnauth
Prime Minister



Pravind Kumar Jugnauth
Minister of Finance
and Economic Development

"Despite this success, the African continent still displays several frailties engendered from years of instability and governance issues, which may plant a seed of doubt in the mind of investors. Mauritius is the solution."

Hon. Anerood Jugnauth, Prime Minister of Mauritius

and human development.

Proud Prime Minister, the Honorable Sir Anerood Jugnauth, is delighted his country's bonds with Japan have been tightened and is looking forward to working closely with officials from the public and private sectors as they look to optimize its competitive advantages.

"Despite success, the African continent still displays several frailties engendered from years of instability and governance issues, which may plant a seed of doubt in the mind of investors, however, Mauritius is the solution," he stated.

"Japan has always been regarded as one of the prime seedbeds for innovation. Mauritius stands to gain a lot from that. We aim to be this innovation hub for Africa. The continent is burgeoning at a rapid pace, and investors from all over the world want to be a part of this rapid rise.

"Mauritius provides this

springboard. TICAD offers a formidable occasion for all parties to make the most of opportunities in Africa — the continent of the future and home to a lot of development. Africa is going to march forward, it's a very rich continent, it doesn't lack anything."

Jugnauth sees plenty of potential in Mauritius and the rest of the continent for Japan to share knowledge, technology and experience across a spectrum of economic sectors.

"Africa is not the same market it was 25 years ago. Africa has started progressing and changes are taking place. Development is growing fast, but now there is extra help from Japan.

"Japan has very good intentions and really wants to help. If Africa develops, it will be a new market for all other countries, including Japan. Africa and Japan have become more like partners so it will be a win-win

situation for everybody.

"Japan has committed right now about \$30 billion. Provided we all have the real intention and will to use that money with great care then it is going to profit both Japan and Africa.

"From poverty we have become a middle-income country today. In many ways in Africa, we are number one. With further help, we expect Japan to boost us further one step up, to new levels of technology, financial services and information and communications technology."

Quantum leap for Africa

Japan's Abe echoes this view and is eager to cement existing political, commercial and trade relations with Mauritius, as part of the wider regional drive.

"I am firmly convinced science and technology is bringing about a quantum leap in African development," he stated during TICAD VI in Nairobi.

"On this continent of possibilities, I don't have the slightest doubt that Japan's science and technology, and also its education, will certainly be useful in increasing people's well-being.

"Never before have the chairman of Keidanren (Japanese business federation) and such a large outpouring of the heads and top executives of Japan's representative companies visited Africa.

"This demonstrates the eagerness among the top executives of Japanese companies to grow together with Africa by identifying what needs to be done to enable Japanese and African companies to do more business together going forward.

"They will pinpoint issues from the vantage point of businesses and solve issues by bringing together the power of the public and private sectors.

"African nations are no longer Japan's aid recipients, they are Japan's partners for growth."

Like his father, the Honorable Pravind Kumar Jugnauth welcomes Japan's firm commitment to socioeconomic development



A melting pot of cultures and styles from different continents, Port Louis is the bustling capital of Mauritius.

and is eager to advance mutually beneficial partnerships in his role of minister of finance and economic development.

"We wish to work with countries like Japan to attract investors," he said. "The strategy, the philosophy behind this is for African countries to get together and create partnerships with countries that have the know-how, resources and capacity to set up economic activities in those places for the benefit of each one of us.

"Mauritius has many trade agreements with the region such as the Common Market for Eastern and Southern Africa and the Southern African Development Community.

"We are also able to export to the U.S. through the African Growth and Opportunity Act numerous products without any tax, so there is plenty of potential.

"We want to accelerate the growth in the ICT sector; it started just after the new millennium with the cyber tower and this government's vision is to make Mauritius a 'Cyber Island.'

"New sectors we want to develop include the Ocean Economy. Japan has a very keen interest in our maritime zone.

"Mauritius has the aquaculture that could be very attractive for both countries."

Set to celebrate its 50th anni-

"African nations are no longer Japan's aid recipients, they are Japan's partners for growth."

Shinzo Abe, Prime Minister of Japan

versary this year, the Bank of Mauritius is the guardian of the nation's financial and economic well-being and is credited with creating the foundations for a sound and reliable system that adheres to strict international regulations and global best practices.

Excellent regulatory climate

Headed by Governor Rameswurlall Basant Roi, the Bank of Mauritius has developed a low-inflation environment.

In 2015-2016, the bank steered

monetary policy toward supporting the local economy and a stable exchange rate to promote broad-based, sustainable growth.

"Mauritius has carved a strong image of a well-regulated banking sector living up to the

expectations of best international practices," Roi said during a keynote speech in November.

"There are indications of a growing demand for Mauritius to position itself as a treasury center for multinationals operating in Africa.

"A few international banks are actually engaged in promoting this business. The Bank of Mauritius stands ready to support such initiatives."

Turning to trade financing gaps among some of the poorest African countries, the senior offi-



Rameswurlall Basant Roi
Governor, Bank of Mauritius

cial emphasized how the underdevelopment of the financial sector constitutes a significant barrier to trade.

"Closing the trade finance deficit in the small and medium-sized enterprise (SME) sector, especially in Africa, is a neglected area," he said.

"SMEs have increasingly become the most dynamic sector in terms of job creation, adding value and even innovation, but sadly it's also the sector facing major constraints in securing trade finance."

Mauritius

A masterpiece in your African travel plans

Connect to a world of opportunities

air-corridor.com



Bank of Mauritius

MAURITIUS - The Leading Financial Hub in Africa

With a mandate to promote and maintain monetary and financial stability, the central bank of Mauritius fosters a sound and strong banking sector, efficient financial markets and payment systems, and a conducive macroeconomic environment. The ease of doing business combined with the wide range of financial services offered to international companies, position Mauritius as a leading financial hub for conducting business with Africa.

Bank of Mauritius Sir William Newton Street, Port Louis, Republic of Mauritius
Tel: +230 202 3800 | Fax: +230 211 5357 | For media and public enquiries: communications@bom.mu
For official correspondence to the Bank of Mauritius: governor.office@bom.mu



www.bom.mu

BANK OF MAURITIUS

Mauritius poised to become the world's latest international financial center

The banking and financial services sector continues to catch the eye of leading market players due to robust regulatory foundations, solid legislative frameworks, good governance and greater transparency

In recent years, Mauritius has also emerged as an international financial center (IFC), of excellence based on a solid, transparent and well regulated system coupled with an investor-friendly environment.

Incentives and advantages offered to investors include 100 percent foreign ownership, a low tax rate of 15 percent, tax-free dividends, no capital gains tax and free repatriation of capital, dividends and profits.

The republic boasts a robust, transparent and well-regulated financial services sector that means, unlike some other island nations, the country is crystal clear about the quality and integrity of financial services providers that are welcome to establish operations.

Such an approach is certainly paying dividends and has been endorsed by leading global fiscal institutions as the republic again climbed several more places in the coveted Corruption Perception Index (CPI) compiled each year by Transparency International.

Ranked just inside the top 50 in 2014, the CPI recognized further achievements toward good governance under the current administration and placed Mauritius in 45th place — well inside the table's top third.

This impressive progress is testament to the hard work of public and private sector officials to stamp out bad behavior and ensure individuals and companies are not tempted by instant rewards and respect the rules.

The Honorable Pravind Kumar Jugnauth, minister of finance and economic development, commented: "The financial sector has been doing very well with regular and consistent growth; we want to diversify it further by having new instruments and adding more substance.

"Our aim is to become more competitive and more attractive, reliable financial center. We have a number of agreements with many countries, such as double taxation avoidance agreement (DTAA), investment promotion and protection agreements."

Spearheading the nationwide drive to comply with global best practices and the protection of a level playing field for investors of all sizes is the Honorable Roshi Bhadain, minister of financial

services, good governance and institutional reforms.

His department is dedicated to combating fraud, corruption and malpractice in the lucrative sector through good governance and strict adherence to international legislation, taxation agreements and money-monitoring systems.

"We want Mauritius to be the place where businesses can handle all their financial and administrative activity to facilitate investment on the African continent," he explained. "Why should companies come here? Because we have advantageous laws, no exchange control restrictions — you can take money in, take money out — and we also have great weather and an amazing culture.

Secure and safe environment
He highlighted how Mauritius offers full protection of foreign investments in key African nations through its network of investment promotion and protection agreements (IPPA).

"Mauritius has the opportunity to become the financial hub for the sub-Saharan Africa region, very similar to the one Singapore had 20 years ago with Southeast Asia."

Antony Withers, Former Chief Executive, MCB



The IPPAs guarantee Mauritian investment with respect to expropriation and social unrest in contracting states. In addition, they provide for arrangements for settlement of disputes between investors and the contracting states.

This proactive strategy has positioned Mauritius as a center for private placements, trading of bonds and other financial instruments by encouraging multinationals to establish regional headquarters and to benefit from the local jurisdiction for investment into, and out, of Africa.

"We have all the elements



Roshi Bhadain
Minister of Financial Services, Good Governance and Institutional Reforms

to become an IFC here in Mauritius," Bhadain continued. "We have both French and English aspects, whether in terms of language or the judicial system, and when you look toward investors we have a number of IPPAs for their protection, with around 23 IPPAs and 43 DTAs with Africa.

"By linking the Ministry of Good Governance with the Financial Services Ministry, we have sent the message that we want to do business in the proper way, it is a real statement of intent.

"We are making significant efforts to break away from the perception of an offshore haven and working to show we have extensive opportunities here.

businesses are coming here and discovering for themselves what we are doing in terms of the financial services sector."

Banks act as money magnets

The financial services sector generates about 12 percent of GDP and investment in the banking sector has reached more than \$1 billion as companies take advantage of a well-capitalized financial services climate to serve a broad range of retail, corporate, institutional and private clients.

Services available include traditional retail and corporate banking operations, international remittance, online banking, mortgages and loans, investment banking, custodian and treasury services and e-commerce.

As the largest and oldest bank in the country with roots dating back almost 170 years, Mauritius Commercial Bank (MCB) has played a key role in the development of the economy and blends modern and adapted channel capabilities with high-quality service.

Leveraging its extensive network of correspondent banks, MCB has diversified its activities beyond domestic shores, most notably through participation in major cross-border deals and transactions and the promotion of its "Bank of Banks" initiative.

MCB former Chief Executive, Antony Withers, said: "We are seeing a great increase in investors' attention for Africa, but countries on the mainland don't have the same incentives and investment protection. As such, Mauritius is the best platform to invest into Africa.

"Mauritius has the opportunity to become the financial hub for the sub-Saharan Africa region, very similar to the one Singapore had 20 years ago with Southeast Asia. The opening of a Japanese Embassy will send another strong signal Mauritius has the credibility and standing to become the regional financial hub for Africa."

Established 20 years ago, Investec Bank (Mauritius) is a wholly owned subsidiary of the Investec Group and provides a range of treasury and deposit products in foreign currencies, including call and fixed-term deposit accounts, high-yield access accounts, base plus accounts, dual currency deposit, and zero coupon deposits, as well as foreign exchange and hedging services.

The group also offers aircraft finance, medium-to-long term structured finance, customized debt and equity products, commodity-based finance,

and cash-backed and general lending services in various foreign currencies.

Investec Bank (Mauritius) CEO, Craig McKenzie, is excited about the opportunities created by the country's solid fiscal growth and growing partnerships with advanced first-world economies such as Japan.

"The technology that Japanese companies have across many sectors will most definitely contribute to the development of Africa," he said. "African markets operate in a way that is very different to first-world markets so you have to go in knowing what you are doing.

"The main thing with Africa is you have to have investor partners who understand the continent as there is 52 different countries that all have unique issues. If you haven't worked in Africa before, you would do well to find a partner like Investec to help you invest there.

"What's nice about being in a small place like Mauritius is you have easy access to the ministers and the Central Bank. You can easily discuss issues that could be hampering efficient operations."

A leading performer in the fast-growing industry with a near double-digit percentage share of the lucrative market, MauBank Ltd. was created in early 2016 through the merger of National Commercial Bank Ltd. (NCB) and Mauritius Post and Cooperative Bank Ltd. (MPCB).

The group operates retail and corporate banking services for individuals and businesses — the distribution network consists of 34 branches and 46 ATMs — and is renowned for its focus on small and medium-sized enterprises (SME).

"MauBank is not just a commercial bank; it is a development financial institution," explained CEO, Sridhar Nagarajan. "It's actually a commercial bank, but we are being asked by our shareholders to play the role of a development financial institution for SMEs. "Mauritius is exactly at the same place as Singapore 30 years ago. The country has a very bright future and can be the connector to Africa."

Diplomacy oils wheels of FDI

The executive is eager to explore fresh opportunities with foreign partners, particularly those from Japan. "Diplomats are trade facilitators and that's why I'm very happy to see the Japanese Embassy as an embassy always facilitates trade.

"Japan should very much invest in the port of Mauritius so Mauritius can again become



MauBank Ltd.

www.maubank.mu

the star of the Indian Ocean. Mauritius has a geopolitical gift, in today's world neutrality is very important and this is why it will become the next IFC; you have to be politically neutral.

"The African wavelength is slightly different to the Organisation for Economic Co-operation and Development wavelength, this is why Mauritius can play a major role in bridging this gap."

Headquartered in the gleaming new Mauritius International Financial Centre and with representative offices in South Africa, AfrAsia Bank Ltd. specializes in banking that brings continents closer.

The firm's entrepreneurial approach helps to develop flexible financing and investment solutions and provide tailor-



Arnaud Lagesse
Group CEO, IBL Group

growth and a series of strategic acquisitions.

The group enjoys a high-profile presence and sponsored a professional golf tournament in early 2016.

As its name suggests, AfrAsia Bank is an experienced player in



Antony Withers
Former Chief Executive, MCB

lowing this trend," said AfrAsia Bank CEO, Sanjiv Bhasin.

"Japan has always been there at the top, but what is becoming apparent is that this investment is becoming more meaningful.

"Asian countries have benefited from utilizing technology and embracing the objective of financial inclusion and alongside a stable democracy it appears the recipe for change and growth in Africa is likely to emanate from this Asian example.

"We want to expand our operations internationally and have identified a number of clients operating in the Asia-Africa Corridor where we could provide our capabilities, knowledge and services in order to partner and help them expand into Africa.

"Mauritius has a significant level of European influence partly through its colonization by England and France. It most definitely has Asian characteristics and geographically it's in Africa. Mauritius has the key ingredients and is well positioned to become the next IFC.

"There are many examples of economic success through improved connectivity. With the air corridor, Mauritius will become a transportation hub and fulfill its huge growth potential."

"The technology that Japanese companies have across many sectors will most definitely contribute to the development of Africa."

Craig McKenzie, CEO, Investec Bank (Mauritius)



made advice while combining expertise in four core divisions: treasury and financial markets, global business banking, corporate and investment banking, and private and personal banking.

Since its inception, the bank has expanded via a combination of substantial organic

the Asia Pacific region and so is ideally positioned to maximize the myriad of opportunities created by closer ties with Japan and other major economies in Asia and elsewhere.

"In the last two decades we have seen the economic shift from West to East and it's clear the origin of capital flows is fol-

Mauritius International Financial Centre: A Sophisticated Hub for Japanese Companies Investing in Africa

The Mauritius International Financial Centre (IFC) is the ideal hub for companies and multinational corporations doing business and investing in Africa. The Mauritius IFC is well-regulated, white-listed and trusted, and boasts a track record of more than two decades of sterling work in cross-border investments, trade and finance.

The Mauritius IFC plays a strategic role in driving quality investments in Africa, notably with its pool of highly qualified professionals, modern infrastructure, state-of-the-art technologies and ideal time zone. It is also a natural gateway for companies wishing to

market and distribute their products and services to more than 600 million people in the African continent.

In addition to its extensive bilateral tax and investment treaties, Mauritius is party to a number of regional trading blocs, including the Southern African Development Community, Common Market for Eastern and Southern Africa, and the Indian Ocean Rim Association for Regional Cooperation.

Since this year, in line with the vision of graduating the offering of Mauritius to a new level of sophistication, a new suite of bespoke financial products have been introduced, including a new

Global Headquarters Administration (GHA) License.

Top-ranking country

The new GHA license caters for a holding entity of a well-established international group, reputed in its field of business and industry, and providing headquartering services to three or more foreign entities.

The income of the Mauritius-based entity is exempted from corporate taxes for eight years, and is eligible to avail of the provisions of our extensive tax treaties.

The headquartering services include administration and general management; business planning and development; economic or investment research and analysis;

and services related to international corporate headquarters.

Mauritius remains the top-ranking country in Africa in a number of international benchmarks and accolades, including the World Bank's Ease of Doing Business Index, the Global Innovation Index 2016, the World Economic Forum Global Competitiveness Report 2015-2016 and the Mo Ibrahim Index of African Governance 2016.

Security and integrity are the watch words for every investor, so they can rest assured Mauritius and the IFC will work to the highest international standards to make doing business a pleasure in this Indian Ocean paradise.

National Insurance Company ensures a swift and smooth transition to consolidate one of the largest insurance client bases in Mauritius

More than 130,000 policyholders were concerned when one of the largest life insurance companies in Mauritius went into conservatorship in April 2015.

The authorities deployed swift and bold measures to ensure policyholders' interests were safeguarded through an expeditious change in the Insurance Act, enabling a smooth transfer and the continuity of business under the two newly established state-owned companies, the National Insurance Co. Ltd. and NIC General Insurance Co. Ltd., jointly referred to as NIC.

NIC made sure all long and short-term insurance clients were taken care of with no disruption

in service and insurance coverage thanks to strategies put forward by the authorities, boards and management of NIC. As well as protecting policyholders and the 1000-strong workforce, NIC ensured sound business foundations were laid that could sustain the life and general insurance businesses. This was possible through the unprecedented and commendable effort of concerned staff and salespersons, undertaking further cost-rationalization exercises while preserving staff expertise and robust client service standards, and the vast, well-established distribution channels and salesforce.

In a matter of weeks, a full transition and stability had been reached at all levels of the business. Then,

NIC's boards and management promptly set forward growth plans for the underlying businesses and embraced the broad mission of "Serving you, Serving the Nation." These businesses are now on their growth trajectories, characterized by new business trends, a growing client base nearing 150,000 and broader lines of products and services now covering most classes of general insurance businesses, as well as the existing life and pension products. Since its launch, NIC has also serviced over \$35 million worth of policyholder benefits.

These efforts, coupled with a strong organizational culture of high performance and engagement, culminated with NIC being awarded

"Africa's Best Employer Brand Awards 2015" by the Employer Branding Institute. Innovative in its approach, NIC has embraced the idea of making life and general insurance more accessible to Mauritians across towns and villages through its partnership with Mauritius Post Ltd., reaching out soon to some 50 locations under the "Post Assurance" concept, and aiming to make micro insurance part of Mauritians' lives. It has also rolled out a nationwide healthy living community campaign.

NIC aims to capitalize on its expertise and capabilities to expand across the African continent and tap into new opportunities of micro insurance, captive insurance, health insurance and pensions administration.

First class air links

Improved aviation links between the island and key cities in Asia have created countless business openings and ensured ambitious Mauritius is making its mark on the global investment map

Launched less than a year ago, the innovative Air Corridor stretching thousands of miles from Mauritius to Singapore has been a resounding success to date and helped facilitate and funnel trade, business and investment between two of the world's most important regions.

Comprised of several weekly direct flights operated by world-class airlines, the exciting initiative aims to boost both partners' reputation as bustling commercial hubs and so promote origin and destination traffic flows between Africa and Asia/Southeast Asia.

Georges Chung Tick Kan, senior economic advisor to the prime minister of Mauritius, explains the concept behind the innovative idea, saying it is not only tourism-oriented, but more about strengthening economic ties and building human relations between two vast regions.

"We haven't done much yet beyond promoting the Air Corridor in Mauritius and Singapore, but already more than 6,000 people have used the corridor in both directions," he stated proudly.

"Singapore Airlines and Air Mauritius have just signed a code-share agreement whereby Singapore Airlines will take passengers from cities in Asia to Singapore, from where Air Mauritius will take them to Mauritius and to Africa.

"I expect several Chinese Airlines to sign similar code-sharing agreements with Air Mauritius to take their passengers to Singapore then to Mauritius and Africa. It's the most efficient way to connect these two parts of the world." He continued: "Air Mauritius actually runs three flights a week from Singapore and before the operation of the Corridor, it was running at a 70 percent load factor. Now, all the flights are almost fully booked and the airline is introducing a fourth flight and will, eventually, launch a fifth flight.

"When foreign direct investment (FDI) flows from one place to another, a third party platform is normally required to structure and administer the vehicle to minimize risks and optimize costs, including for fiscal issues. The owners and the managers of the vehicle will choose the best



Ken Poonoosamy
MD, Board of Investment



Georges Chung Tick Kan
Senior Economic Advisor
to the Prime Minister

jurisdiction using criteria such as political stability, costs and friendliness in terms of doing business.

"Mauritius has most of these ingredients and is already a jurisdiction of choice for thousands of investment and fund vehicles from all over the world for investment in India, China and Africa."

"Africa is the last frontier of economic development and a lot of investors from all over the developed world are focusing on investing in infrastructure, transport, and communication.

"I expect Japanese investment funds being structured in Mauritius to finance the various projects of Africa.

"Mauritius can play a vital

"We need this Japanese Embassy, not only for trade and investment, but for cultural and social exchanges."

Ken Poonoosamy, Managing Director, Board of Investment

role in bringing together Africa and Asia. Our destiny is to be the 'Gateway to the Continent' — an excellent platform for bringing together Japanese investors and our African peers."

FDI roars ahead to new record

Capitalizing on the plethora of golden opportunities created by the Air Corridor and other initiatives is the Board of Investment (BOI), with the government agency delighted with a near 50 percent year-on-year surge in FDI for January-September 2016 to \$30 million.

As the national investment promotion agency of the government of Mauritius, the BOI is the first point of contact for investors exploring business opportunities

in Mauritius and the region. The BOI also assists investors in the growth, nurturing and diversification of their business.

Working around the clock to facilitate the implementation of investment projects and, more importantly, to continuously improve the investment and business climate, the BOI works in close collaboration with government bodies, institutions and private sector companies.

Continental crossroads

Mauritius is continually reinventing itself. And by leveraging its strategic position at the crossroads of Africa, Asia and Australia, the country is gradually transforming into a hub and

an international jurisdiction for investors in search of security, transparent regulation and high value-addition.

The economy has been successfully metamorphosed following a smart shift from a mono-agricultural model to a diversified, innovation-driven and knowledge-based economy, underpinned by a broad spectrum of business activities that welcome FDI with open arms.

BOI Managing Director, Ken Poonoosamy, describes the agency as a dedicated "interface" between the public and private sectors and is highly focussed on the next wave of development in all areas of the economy.

"Attracting skills, talents and know-how are key ingredients

to ensure we bring innovation to make Mauritius a center of development," he said.

"Our strong advantages are political and economic stability; we have managed to transform challenges into opportunities.

"What has happened over the years is we have built a certain resilience and the people of Mauritius can feel, even more the private sector, there is a synergy. We are a small country, but at the same time we react very fast to challenges.

"If you establish a factory in Mauritius you have access to 26 percent of the world's population with preferential access to the American market, the European market, Pakistan and Turkey. This counts for a lot."

Green light to growth

Hard data supports this viewpoint as FDI represented around 4 percent of annual GDP in 2015, but in 2016 that figure is expected to jump sharply on the back of a new economic strategy — Vision 2017-2020 — that has given the green light to yet more investment from the international business community.

"The Tokyo International Conference on African Development has opened the way for a greater collaboration and the message has been that our nations have to work together to ensure we all profit from the numerous opportunities available. Japan is ready to stand by Africa," Poonoosamy added.

"In terms of market access, we would like more of our products sold in Japan, more Japanese involvement in some strategic sectors such as industrialization, manufacturing, transformation, hi-tech, but also producing consumer goods for export.

"We would like to see more participation in fisheries and Ocean Economy.

"There is already cooperation on climate change and meteorological services, where Japan continues to provide us with significant support.

"We need this Japanese Embassy, not only for trade and investment, but for cultural and social exchanges.

"We would like more tourists and technology from Japan. This embassy will certainly open new doors for us."



Aquaculture in Mauritius

Ocean's treasures

The turquoise and tranquil waters of this quiet corner of the Indian Ocean teem with countless species of fish and marine life, offering investors a myriad of ways to tap into its underwater riches

Blessed with extremely rich fishing waters that include an exclusive economic zone of more than 2.3 million square kilometers, Mauritius' marine industry and aquaculture sector — often shorthand to the "Blue Economy" or "Ocean Economy" — boasts huge potential for local and foreign investors.

As a maritime superpower, Japan has been invited to help shape the sustainable expansion of the sector though the development of value-added fisheries and seafood.

In addition, help is sought for related sectors, including fishing, transshipment and ancillary services.

Investors set to make a splash

The Board of Investment has highlighted several areas of potential interest for foreign investors throughout the Blue Economy. The fisheries and seafood processing sector currently represents around 19 percent of the island nation's total annual exports.

New fishing vessels can take advantage of the healthy tuna stock in the southwest Indian Ocean and opportunities also exist in the increasing transshipment activities at the ports for value-addition such as cutting, filleting, loining and packaging.

Aquaculture openings include offshore lagoon cage cultures with production ranges of 300-2,000 tons per unit; inland aquaculture farms; tuna ranching and fattening in cages; hi-tech production techniques such as aqua pods.

In-lagoon aquaculture has also emerged recently and out of the 20 sites proclaimed, 15 sites are available for marine aquaculture. Farming of high-value and niche products such as seaweed, oyster and oyster pearls, crabs, sea urchins and other shellfish are actively encouraged.

The Blue Economy is a core component of the government's second economic miracle and Vision 2030 program, launched in 2015 by Prime Minister Sir Anerood Jugnauth, who recognized what magnificent marine assets his country possesses during a speech to mark the launch of the strategy.

"Our fishing industry is being given its due and importance and extensive opportunities exist," he told a large audience.

"We have been negotiating with major international fishing companies for the setting up of fishing and seafood processing facilities locally and held discussions with fishing companies and port authorities for the development of fishing ports to



Premdutt Koonjoo
Minister of Ocean Economy, Marine Resources, Fisheries, Shipping and Outer Islands

transform Mauritius into a major regional fishing center.

"Moreover, a National Ocean Council has been set up to drive and implement projects as regards to the Ocean Economy. Mauritius actually has the potential to develop as a major port for the region.

"As our manufacturing industry grows through our market access to the Common Market for Eastern and Southern Africa and the South African Development Community coun-

providers.

"Potential investors and collaborators from Dubai, China and Singapore have already shown serious interest in the sector.

"If Port Louis is to become a major port in this part of the world, we inevitably need to be well connected with increased sea connectivity, especially with other Indian Ocean islands and the eastern and southern African ports.

"We also need to improve our port performance and related services in line with international benchmarks. My government is giving special attention to the development of cruise traffic and cruise related activities in Mauritius.

"The benefits that our economy will reap from a fully dedicated cruise terminal are significant, especially to our tourism and port industries, with enormous multiplier effects such as job creation."

On the crest of a wave

At the forefront of the drive for sustainable commerce among

"We have been successfully working together with Japan through Mitsubishi Corp. for the past century. We see a lot more room for future partnerships and collaborations."

Arnaud Lagesse, Group CEO, IBL Group



TOGETHER

tries, our port will have to handle much higher cargo traffic.

"About 30,000 ships pass Mauritius annually, out of which about 3,000 call at Port Louis. We are actively working to attract a substantial number of these vessels for bunkering and other related services in order to transform Port Louis into a leading regional petroleum hub.

"We have already announced our plans to more than double the size of our port. Taking cognizance of the Port Master Plan, I see Port Louis being developed as a modern port with state-of-the-art facilities.

"This will also allow us to benefit from a number of multiplier benefits and help generate many more jobs."

Jugnauth continued: "With a buoyant port, comes the need for a whole range of support services, including freight companies and logistic service

some of the cleanest waters of the world is Premdutt Koonjoo, minister of ocean economy, marine resources, fisheries, shipping and outer islands.

The Blue Economy is a global subject these days," he said. "We have explored the land and now it is time to explore the oceans. Mauritius is working to transform the ocean into a new economic pillar.

"We want to start with what we have, a large stock of fish and partnering up with other countries from the EU and Africa — such as Madagascar — who want to invest and bring fishing vessels for fishing. However, despite these investments; our ecosystems must stay intact and not pollute the water.

We want to not only make Mauritius a financial hub, but also a fishing hub and for this we need to invest and look for investors from overseas.

"Our relationship with Japan dates back more than 50 years. They have done many things here and we are waiting for them to assist in the research center. My message to the Japanese community, especially the investor, is: 'You are welcome in Mauritius. We have had a long-standing friendship with Japan and we believe we can work together.'"

A textbook example of such international collaboration between firms from Mauritius and Japan is IBL Ltd., a leading performer in the tuna industry where it works hand in hand with Tokyo-based Mitsubishi Corporation.

"We have had a very long lasting relationship with Mitsubishi Corp., together we are the largest tuna canning operation in the region," commented IBL Group CEO, Arnaud Lagesse.

"We have worked incredibly well as partners; our relationship has been very strong since merging our seafood operations with their canning production.

"We see a lot more room for future partnerships and collaboration."

Patrice Robert, COO of subsidiary IBL Seafood Operations, added: "We provide a European service, but in Africa. This perfectly reflects the quality of our service.

"There is a great deal of sustainability work going on in the Indian Ocean. Mauritius has been very proactive in proposing resolutions that will enhance the sustainability of tuna here.

"Mauritius has been particularly dynamic in this regard. Japan is a world leader when it comes to expertise in the Ocean Economy and such guidance and support is crucial for Mauritius."

Meanwhile, a revolutionary and environmentally friendly project in the Ocean Economy is making a splash and taking shape: the Deep Ocean Water Application project.

The state-of-the-art initiative involves the construction and operation of a ground-breaking system that pumps cold water from the Indian Ocean along sleek pipelines for use in air conditioning in buildings in the heart of Port Louis and surrounding areas.

Spearheaded by Sotravic Limitée, CEO Emmanuel André, said: "We are committed to the reduction of 668,000 tons of carbon dioxide emissions throughout the first five years of the facility's operation.

"The project is contributing to the energy independence of the country through production of electricity using a renewable source and subsequently reducing imports of fossil fuel to generate the equivalent amount of energy."

Invest In Mauritius

The platform to expand your frontiers into Africa

- Innovation, Technology & Communication
- Health, Wellness & Biotechnology
- Development of Smart Cities
- High-Tech Manufacturing
- Financial Services
- Ocean Economy

Board of Investment
Mauritius

www.investmauritius.com

Explore a culture based on diversity

Widely recognized as one of the most beautiful countries in the world, Mauritius remains a powerful magnet for tourists

Golden shores lapped by sparkling crystal waters under a welcoming sun have for decades attracted swooning honeymooners to Mauritius.

The sun-soaked republic has earned an enviable reputation as a world-class vacation destination for holidays anchored at the various luxury hotels and resorts dotted around the gorgeous island.

Indeed, the country is now so popular that it attracts almost as many travelers each year as it has residents.

Around 1.2 million people are expected to enjoy its fantastic climate, spectacular scenery, tasty cuisine, rich culture, historic charm, vibrant nightlife and retail scene.

Often referred to as "Paradise on Earth," Mauritius' natural attractions and marine-related activities are endless, but include beaches and bays where people of all ages can swim, sail, dive, snorkel, fish or simply lounge on white sandy beaches under cloudless skies.

Direct flights bring thousands of people daily to the tropical island and the tourism industry is a major source of revenue and employment.

The government has placed the sector at the heart of its comprehensive socioeconomic devel-



www.tourism-mauritius.mu

opment strategy and is eager to advance and expand the sector.

"We are not only a great beach destination, but a place with so many things to do and so many attractions," said Charles Gaëtan Xavier-Luc Duval, deputy prime minister and minister of tourism and external communications.

"People mainly come now because there are great beaches, fantastic hotels and a lagoon, but we want visitors to enjoy all our other attractions too.

"We are very keen for Mauritius to remain a high quality destination and were very happy to welcome the first AirAsia X

flights as the airline has connectivity to Japan."

Tourism takes off in 2016

With security concerns in many tourist destinations — particularly in countries in North Africa — the high level of safety and hospitality helped tourism numbers jump 11 percent year-on-year in 2015 — nearly four times the rate of total GDP.

A similar double-digit percentage rise is forecast for 2016 and for the following few years.

Such statistics are music to the ears of Mauritius Tourism Promotion Authority (MTPA)

Director Kevin Ramkaloan who explained how his welcoming country has cultivated an outstanding reputation as a premium vacation destination.

"At the ministry level there has been a four-prong strategy," he said "Firstly, to look at the product to make us the most desirable island destination in the region.

"Secondly to look at the accessibility, thirdly the feasibility and fourthly the sustainability.

"We are not in the mass markets of this world; we are small and focused on the upmarket tourism sector.

Now that the shift from the West to the East is happening, one of our mandates is diversification of the markets and a focus on catering for tourists from the East.

"We are working with Air Mauritius to develop a program around these new markets that we need to capture again and Japan is on our radar.

"Mauritius is a great all-year destination and an especially beautiful place to visit in June and July when it's 20 degrees Celsius, there are a lot of activities and you can witness the cultural side of the country.



LUX* Belle Mare

www.luxresorts.com



Charles Gaëtan Xavier-Luc Duval
Deputy PM, Minister of Tourism and External Communications

"Amazing trail treks and marathons happen during those two months and as the Japanese are very sport-oriented, this will certainly be of great interest to them."

Pampered in paradise

For guests at any of the three five-star LUX* Resorts & Hotels on the island, the most testing task of the day is simply deciding how to relax in their tropical sanctuary tucked in among swaying coconut trees and lush green gardens. The hotel chain's world-class reputation is only matched by an attention to detail that

caters to the individual needs of every guest, whether it involves cuisine, beauty treatments, marine activities or more challenging excursions.

"We have been focusing on the Asian market for a while now and with such a huge growing middle class we believe the final piece to the puzzle is connectivity to capitalize on their interest in Mauritius," commented LUX* Resorts & Hotels CEO, Paul T. Jones.

"My experience of the Japanese market is they love to travel, the young people, the honeymooners; they are looking for

great places just like Mauritius.

"The arrival of AirAsia X means the Japanese market can get a flight with the same airline directly to Mauritius with a seamless transition. However, I'd still like to see an airline arrange direct flights from Japan."

Japanese expertise to make Mauritius a technology hub

By embracing state-of-the-art technology, Mauritius has developed a successful ICT sector that employs tens of thousands of people and is the ideal platform to develop exciting new partnerships with Japan

Connectivity is a vital cog in the wheel of any island's economic prospects and Mauritius has worked very hard to overcome any challenges it faced to establish modern and reliable telecommunications systems and networks.

The country has invested substantial sums in state-of-the-art public telecommunications infrastructure that provides a strong spine for fixed, mobile, international long distance, internet and other value added services that have transformed the nation into a "Cyber Island."

Such trustworthy services are an essential platform and facilitate the development of international trade and commerce, as well as civil and social services such as greater access to learning and better health care.

The government is working hard to enhance internet development by devising appropriate policies and providing a favorable market environment and a sound legal framework.

The internet is seen as a "major driving force that is helping to transform our development pattern and adjust our economic structure."

Greater access to the internet has played a significant role in the island's reform and opening up efforts and helped to build and strengthen the connections between Mauritius and the rest of the world.

Mauritius has emerged as an international and competitive information and communications technology (ICT) destination and is positioning itself as a regional ICT hub.

The sector has experienced rapid and sustained growth in recent years and as evidenced by the increasing number of foreign



Etienne Sinatambu
Minister of ICT

companies establishing bases in Mauritius.

They will add to the 700 existing ICT companies which between them employ around 20,000 people.

Such companies conduct ICT activities such as software development, call center operations, business process outsourcing, IT-enabled services, web-enabled services, training, hardware assembly and sales, security, networking, consultancy, multimedia development, disaster recovery and other support services.

Industry giants at home

Respected industry players, including Oracle, Microsoft, IBM, HP, CISCO, Orange Business Services, Accenture, Infosys and Ceridien, have already set up their operation and development centers, helping Mauritius become the best performing ICT country in Africa, and 73rd worldwide.

Mauritius is ranked first in Africa in cybersecurity and second in Africa — behind Tunisia — in e-government. With the concerted efforts of everyone in the ICT sector, the government is determined to steer Mauritius'

next phase of development towards an advanced economy and an inclusive society.

The Ministry of Technology, Communication and Innovation is responsible for telecommunications policy and administering related programs, while the Information and Communication Technologies Authority (ICTA) is the industry regulator.

The authority's main role is to implement and promote the government's national policy objectives for a fast-moving sector that is constantly evolving as new cutting-edge technologies are released by major electronics manufacturers from Japan and other leading hi-tech nations.

The ICTA aims to acknowledge the proven capacity of ICT to become an even more powerful tool to accelerate both social cohesion and economic development, while increasing efficiency productivity across all sectors and enable a high standard of living.

"ICT is the third pillar of the economy," Etienne Sinatambu minister of technology, communication and innovation, explained. "The first is financial services with about 10.3 percent of GDP; the second is tourism which generates 7.5 percent, just ahead of ICT with 6 to 6.5 percent, meaning there is immense potential for growth.

"When you look at the general rate of economic growth for 2016 the national average was about 3.5 percent, whereas the growth for the IT sector is 7 percent, so we had double the national average."

Powerful platform for growth
In August, Sinatambu held high-level talks with Japanese

officials on economic cooperation in the ICT sector, with a view to establishing the country as platform for technological development and BPO, also known as outsourcing.

"Japan is interested in outsourcing some of its activities related to software development," he revealed. "Japan plans to work even in emerging sectors in our part of the world, such as artificial intelligence and robotics. Mauritius could use artificial intelligence in the practice of outsourcing core activities, as is the case in Japan."

"We believe that Mauritius has the ability to aim higher up on the value chain of the BPO sector and not just focus on call centers. We don't need billions of dollars, just a small share that would help boost the economy.

"The annual global turnover of the BPO sector is \$304 billion and India controls 47 percent of that market, but the one thing Indians don't do very well is speak French, and this is where Mauritius has an advantage."

The minister added: "I believe we could partner with Indian companies in a way that would not tap their market, but utilize their expertise to help them penetrate other markets which they presently can't access.

He underlined how Mauritius only needs to secure a thin slice of the multibillion dollar global BPO industry to significantly boost GDP. "I'm convinced the IT and BPO sectors are potentially the medium through which we can achieve the second economic miracle," he said.

According to cabinet colleague and Minister of Finance and Economic Development, Pravind Kumar Jugnauth, huge investment in the ICT sector has materialized from public and private sector bodies on the island and wider region.

"We are going to connect Mauritius with a third submarine cable and the Indian Ocean

Commission has also come up with a new initiative to connect another undersea cable," Jugnauth said.

"Things are looking very promising in the ICT sector, although there are challenges such as needing to invest more in terms of training, in human resources so that we have an adequate labor force to be able to supply the new enterprises that are setting up.

"Then we need to grow in terms of the complexity of the activities that will be carried out by the ICT sector, for example we are ready to develop our BPO

business, but we need to produce engineers and develop software applications.

"In this context, we are setting up a school of technology at the level of the University of Mauritius, but we have to review our program, we have to adapt to these changes in terms of data and technology. All of this is in the pipeline."

Crackdown on cybercrime

Mauritius is well aware of the downside of the internet such as the risk of criminals utilizing modern technology for ill-gotten gains. The government is com-

mitted to protecting the rights of individuals and businesses and to the prevention of cybercrime in any shape or form.

"While development is the ultimate goal, security is the guarantee of achieving that goal," Sinatambu added, "so this is why the government has always placed great emphasis on cybersecurity."

"Without a secure environment, development will be poor and transient. We need to ensure that Mauritius remains prepared

for the challenges that will come our way.

"By adopting a collaborative approach across the public, private and people sectors, the National Cyber Security Strategy will enhance the security of the island's critical information infrastructure and address the security of businesses and individuals.

"This will create a truly robust information and communication ecosystem and improve our quality of lives."

This report was produced by Global Insight and can also be read online at: www.japantimes.co.jp/international-reports

Mauritius

Becoming the Technology Hub that Africa needs

Innovation · Infrastructure · Market Access · Return on Investment.

Smart Business Begins Here.

Ministry of Technology, Communication and Innovation
mtci@govmu.org | www.mtci.govmu.org

Information and Communication Technologies Authority
www.icta.mu / icta@intnet.mu

Saitama City

(Publicity)

Home to cutting-edge technology and innovation

Saitama City, a major bedroom community of Tokyo, is home to many leading technology companies that Japan can be proud to showcase to the world.

That Saitama is such a hotbed of technology is lost on most people because many of the companies are manufacturers of components and materials, rather than end products. However, the components and materials go into many products that support people's day-to-day lives.

One reason for this concentration of technology is the city's convenient access to the capital; it is just 20 to 30 minutes by train to major destinations such as Tokyo and Shinjuku stations. This ease of access has attracted many types of businesses, creating the demand for many different technologies.

Connections with Tokyo and other areas of the country Japan via highways and railways have been well developed and Saitama's location makes it less susceptible to natural disasters than other regions, an attractive point for many of the domestic and overseas companies that have their offices there.

Saitama boasts five shinkansen lines and an orbital expressway, and there is ongoing work to improve traffic flow through additional railway and road development.

As proof of the city's popularity as an attractive business location, the inflow of corporate headquarters into Saitama minus the outflow of them was 61 in the 10 years through 2015, ranking it third among 20 major cities that are so-called ordinance-designated cities.

Geographic advantage, a lack of a coastline and minimal elevation differences make Saitama a suitable location for businesses to have continuity operations in place because such features reduce disaster risks, such as floods.

The Saitama Shintoshin urban area is a nationally designated wide-area disaster prevention center and is an administrative district that is home to national government offices.

Not only does Saitama City have such varied advantages for businesses, it pro-



SAITAMA CITY LEADING-EDGE

vides local businesses with the opportunity to expand into the world.

The city takes various measures via the Saitama City Foundation for Business Creation to support local companies by providing consultation, financial aid and dispatching experts to assist them, among other activities.

Leading-edge certification

In one of the programs to help local companies, the city began the "Saitama City Leading-edge Companies Certification and Support Program" in April 2008. To date, the program has seen 35 companies designated as leading edge.

These companies are allowed to tout their certification as a leading-edge company and use the official logo, which incorporates a hand to signify the importance of human input in high technology, in their advertising and PR materials.

In addition to using the logo, the companies also receive support from the city in a variety of forms. For example, the city promotes them at international trade shows and in an annual pamphlet it publishes, titled "Saitama City Leading-edge Companies," in Japanese and English. Additionally, the city assists certified companies in development of new technology, sourcing new business, expanding overseas and employee training.

The 35 certified companies boast cutting-edge technologies that cannot be easily copied by overseas companies, which approach them to buy their com-

ponents, use their technology and form alliances to penetrate markets overseas. The following companies are just four of the certified companies that have enjoyed global expansion.

Arai Helmet

Arai Helmet Ltd. was the first Japanese company to produce motorcycle helmets. The company is well known for its serious dedication to safety and focuses on research and development, as it is always working to improve some part of its production lines at every factory.

Exports account for about 60 percent of its Arai's production and customers outside Japan include those in Europe, the U.S., Brazil, Canada and countries throughout Asia. Arai has sales and maintenance headquarters in the U.S. and the Netherlands.

"Half of our exports are for Europe, and the target area will continue to be Europe," said Takahiro Takahashi of Arai Helmet, adding that Italy and France are the origin of motorcycles and thus important markets.

However, Arai's market share in Europe is "not so high," and the company is sending its Japanese employees to its overseas offices to educate them on how to better explain Arai's proven record of excellence in safety, he said.

The company's helmets are mostly handmade and Arai wants wearers to be aware of the skill of their craftsmen.

Helmet makers are required to sell helmets that meet the safety standards of the countries that they are sold in, but Arai's helmets must pass the company's own standard, which is much stricter than most countries' requirements.

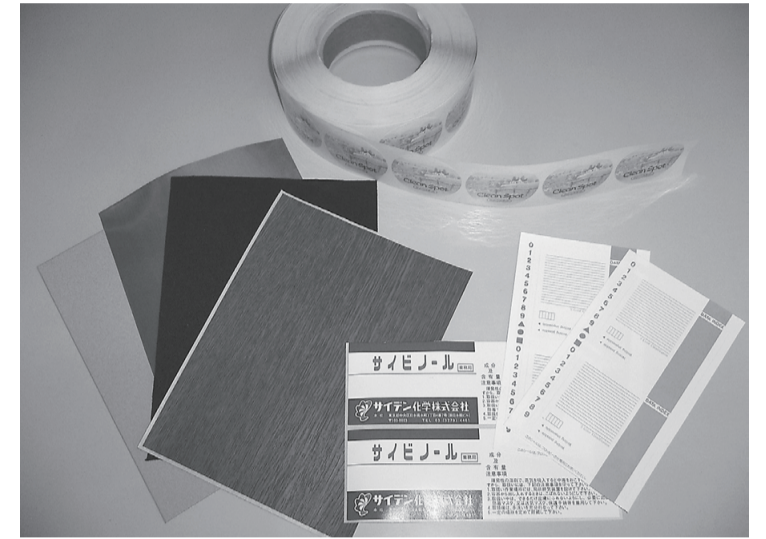
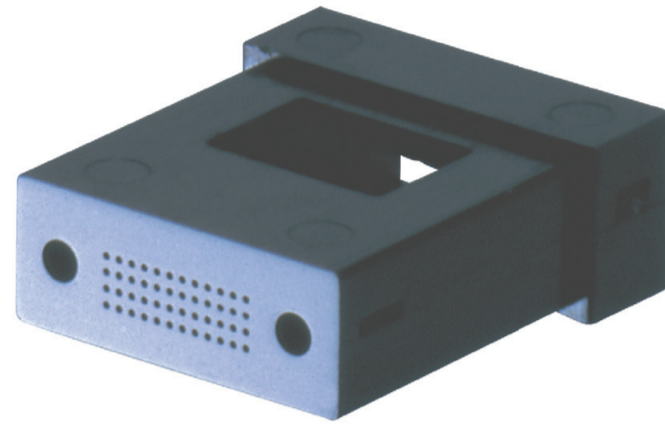
"We take pride in our craftsmanship," Takahashi said.

Hamamatsu

Hamamatsu Co. Ltd., which is certified as a Saitama City CSR Challenge Company, is a leading company making, selling and maintaining surface gloss processing machines. It makes order-made machines, creating glossy coating on papers and other materials, and starts making them only after it receives orders.

Hamamatsu's leading-edge technologies have attracted customers from outside Japan. For example, in 2007, the company sold pressure-bonding machines to process the surfaces of direct mail postcards to Australia Post. It is also planning to sell the machines to the EU as it has attained several certifications necessary to sell its products there.

Hamamatsu will continue to manufacture machines to meet the needs of its customers. The company does not use chemicals that may harm people and it is developing technologies to enhance the quality of printing processing.



Clockwise from top left: Arai Helmet's RX-7X helmet in Glass White; Hamamatsu's surface gloss processing machine; Saiden Chemical Industry's adhesives; Nissin Kasei's MT-Ferrule SAITAMA CITY

"The city's leading-edge certification is very helpful in terms of the company's branding," said Mikiko Hamamatsu, an accounting manager. "As we do business with a wide range of companies, from small to large, we need strong sales promotion on our website and pamphlets. We include the certification on our business cards."

Nissin Kasei

Nissin Kasei Co., Ltd. possesses high technology for optical communication connection devices, such as MT Ferrule, and has an excellent reputation overseas. The company aims to expand not only domestically, but also in markets overseas since it launched optical products under its own brand.

Manufacturing MT Ferrule takes a high level of precision in plastic processing and requires very exacting technology that is attainable by very few companies in the world.

The company, which has affiliates in the U.S. as sales offices, often attends

international trade shows, such as The Optical Fiber Communication Conference and Exhibition (OFC) in Anaheim in March 2016, the China International Optoelectronic Exposition (CIOE) and the European Conference and Exhibition on Optical Communication (ECOC) in Dusseldorf in September.

It sees rising demand in Europe for optical communications as the continent lags behind Japan and the U.S. in its usage of the technology.

The company is trying to enhance the quality of connectors used in the traffic of both of short and long-distance optical transmission cables. This presents a challenge because the amount of data that needs to be transmitted is continually increasing. The company is also working to broaden its product lineup from the low end through the high end and improve through extensive research and development to meet changing needs.

Saiden Chemical Industry

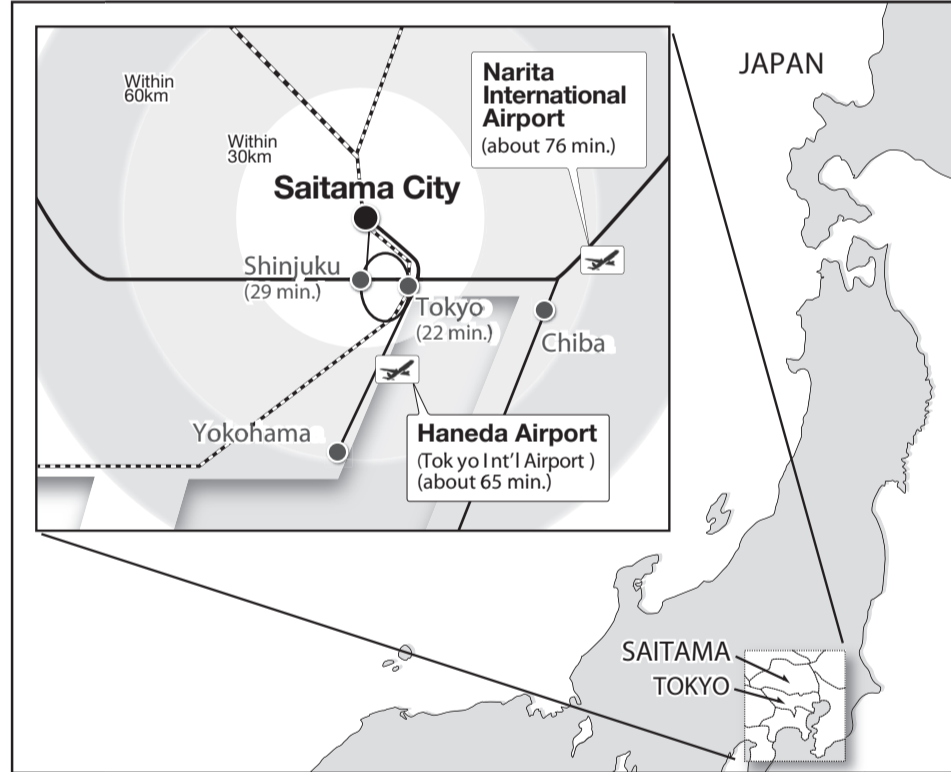
Saiden Chemical Industry Co., Ltd. spe-

cializes in sophisticated functional resins such as adhesives, paints and coatings. It prides itself on quickly developing and manufacturing order-made products.

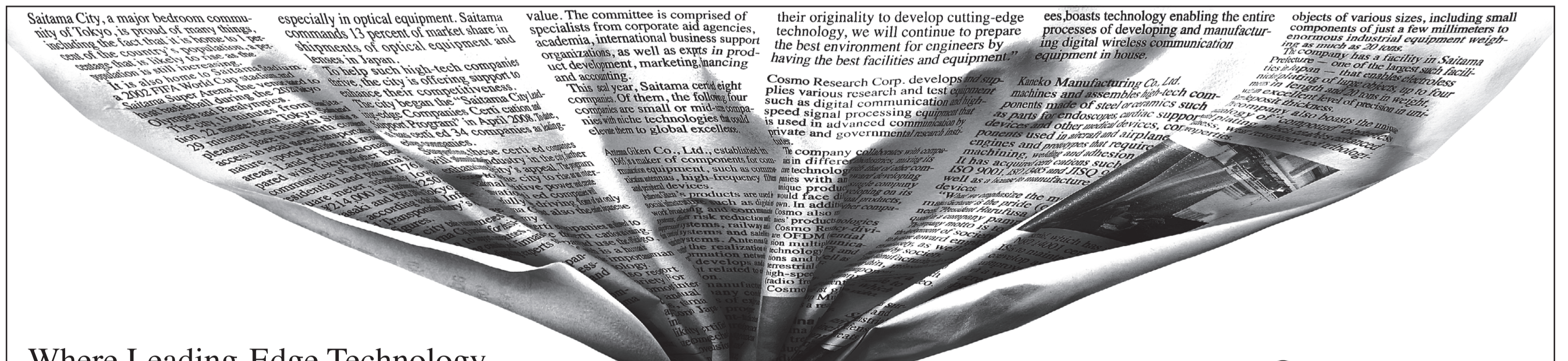
It has factories in Thailand to provide products to Japanese customers that have factories in the Southeast Asian country. However, the heart of its production is mainly in Japan and about 20 percent of sales are exports from Japan. These exports are mainly destined for China, South Korea and other Asian countries.

The company's main exported products are adhesives for the lamination of glass plates in LCD monitors. The production process is difficult as different makers have different manufacturing methods and use different components.

Saiden Chemical Industry's goal is to create a solid financial basis, train people with high skills and continue to develop and manufacture order-made products in a timely fashion, which large companies often find difficult.



- Saitama's 35 certified leading-edge companies
- Acoma Medical Industry Co., Ltd.
 - Antenna Giken Co., Ltd.
 - Arai Helmet Ltd.
 - Asahi Rubber Inc.
 - ASAP Co., Ltd.
 - Bellnix Co., Ltd.
 - Calsonic Kansei Corporation
 - Clarion Co., Ltd.
 - Cosmo Research Corp.
 - Goto Precision Engineering
 - Hamamatsu Co., Ltd.
 - Harves Co., Ltd.
 - Hasegawa Machine Works Ltd.
 - Iino Manufacturing Co., Ltd.
 - Kaneko Manufacturing Co., Ltd.
 - Kimoto Co., Ltd.
 - Musashi Optical System Co., Ltd.
 - Nihon Dento Kogyo Co., Ltd.
 - Nippon Piston Ring Co., Ltd.
 - Nishina Industrial Co., Ltd.
 - Nissan Motor Light Truck Co., Ltd.
 - Nissho Electronics Co., Ltd.
 - Nissin Kasei Co., Ltd.
 - Nittoku Engineering Co., Ltd.
 - Origin Electric Co., Ltd.
 - Porite Corporation
 - Saiden Chemical Industry Co., Ltd.
 - Science Inc
 - Softronics Co., Ltd.
 - Sumita Optical Glass, Inc.
 - Tamron Co., Ltd.
 - TechnoScope Co., Ltd.
 - Tokyo Titanium Co., Ltd.
 - Watanabe Co., Ltd.
 - Yamada Machine Tool Co., Ltd.



Where Leading-Edge Technology Means Business Opportunities

Saitama City, lies just north of Tokyo, Japan's capital. Here you will find a treasure chest of business opportunities, a place where companies with leading-edge technology are clustered. Here you are sure to find the innovation you need to make your business a success.



Join forces with the advanced technology of Saitama City.

Saitama City leading-edge

Q web-search

