

Working in partnership



AMBASSADOR INSIGHT

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JAPAN and Ireland have steadily developed a friendly and co-operative relationship. In 2013, the leaders of the two countries issued a joint declaration entitled a 'Partnership for Innovation and Growth'. The declaration refers to: (1) the significant potential to increase trade and investment in sectors such as agri-food, financial

services, ICT and life sciences, and (2) the promotion of closer research and development collaboration in the sectors of medical devices and technologies, and new ICT-based services to improve older people's quality of life.

There are about 50 Irish companies doing business in Japan in areas including aviation services, food and financial services, while about 70 Japanese companies are currently operating in Ireland in industries such as pharmaceuticals, financial services and aircraft leasing.

Since the joint declaration was issued, we have already started to see concrete results. For example, having lifted its long-standing ban on Irish beef, Japan has re-opened its markets to beef imports from Ireland, and collaborative research between Japan and Ireland is expanding in such fields as big data analysis and assisted independent living for older people. In these areas in particular we can look forward to a substantial increase in bilateral trade and investment and research and development collaboration in the years ahead.

As a result of Prime Minister Shinzō Abe's policy of Abenomics, Japan's economy is rebounding, reflected in the growth in

corporate earnings and fall in unemployment figures, for example. As part of the Abenomics growth strategy formulated to put the economy onto a sustainable path towards recovery, steps are being taken to lower the effective corporate tax rate and develop National Strategic Special Zones, while progress is being made with ambitious regulatory and institutional reforms in sectors such as the electric power industry and agriculture.

Further growth strategy objectives include promoting the active participation of women and young people in the workforce, and creating new markets in sectors such as healthcare and energy.

Moreover, many economic partnership agreements (EPAs) are being planned with other countries and regions in order to expand two-way trade and investment. It is hoped that agreement in principle will be reached by the end of this year on the Japan-EU EPA currently under negotiation. This EPA will greatly benefit both Japan and the EU countries, including Ireland.

With a population of 127 million, and as the world's third largest economy, Japan's sizeable domestic market presents foreign companies with great opportunities. At the same time, Japan is becoming increasingly important as a gateway to the rapidly emerging Asian markets.

As a mature and developed market, foreign companies tend to view Japan as a difficult market to penetrate, but it is often said that once they succeed in Japan, foreign companies can enjoy a long-lasting relationship with local partners, based upon mutual trust.

Partnerships with Japanese companies, with their many years of experience in Asian countries, offer foreign companies the potential to broaden the scope of their business not only in Japan but throughout Asia.



Key facts...

- **National population:** 127.29 million
[Source: Japan Statistical Yearbook 2015, Ministry of Internal Affairs and Communications]
- **Top five cities and population of each:**
[Source: Japan Statistical Yearbook 2015]:
 - Tokyo: 9.02 million
 - Yokohama: 3.71 million
 - Osaka: 2.67 million
 - Nagoya: 2.25 million
 - Sapporo: 1.93 million
- **Area:** 377,962 sq km [Source: Japan Statistical Yearbook 2015]
- **Timezone:** UTC (Coordinated Universal Time) + 9
- **Currency:** yen
- **Religion/s:** Shinto, Buddhism
- **Language/s:** Japanese
- **Bilateral trade with Ireland:** €3,521m
[Source: CSO 2014. Excluding services]
- **Irish exports to Japan:** €1,761m
- **Irish imports from Japan:** €1,760m
- **GDP (nominal):** US\$4,898bn
- **GDP (purchasing power parity (PPP)):** US\$4,667bn
- **Real GDP growth:**
 - 2012: 1.4pc
 - 2013: 1.5pc
 - 2014: 0.8pc (estimated)
 - 2015: 3pc (Asian Development Bank)
- **GDP per capita (nominal):** US\$38,467
- **GDP per capita (PPP):** US\$36,653 [Source: IMF World Economic Outlook, October 2014]
- **GDP share of world total (nominal):** 6.5pc
- **GDP sector breakdown:** services 74.3pc, industry 24.5pc, agriculture 1.2pc [Source: Cabinet Office, Government of Japan]

ECONOMIC OVERVIEW

The Abenomics economic reforms launched by Prime Minister Abe's government in 2012 are definitely having a positive impact. Since the government took office, for example, increased economic activity has boosted companies' ordinary profits to record levels, and stock prices have risen substantially.

Additionally, the number of people in employment has increased by over one million, the ratio of job offers to jobseekers is the highest for 22 years, and salaries have risen on average by more than 2pc.

An economic virtuous cycle is truly being set in motion, in which corporate earnings increase, employment expands, wages rise and consumer spending grows – all leading to economic recovery.

Abenomics is based on three pillars aimed at overcoming deflation and revitalising the Japanese economy: (1) an aggressive monetary policy, (2) a flexible fiscal policy and (3) a growth strategy that promotes private investment.

Steady progress is already being made with the Bank of Japan's monetary easing programme and the government's economic stimulus measures. The growth strategy is focused on bold regulatory and institutional reform in the four key areas of promoting investment, strengthening the utilisation of human resources, creating new markets and global economic integration. The required legislation passed so far is now entering the implementation stages.

The government is committed to steadily implementing the policies outlined above to ensure that the economy exits deflation, and that the benefits of Abenomics spread to Japan's regional areas. It is also continuing efforts to achieve its stated goal of economic revitalisation accompanied by fiscal consolidation.



NATIONAL FLAG

The Japanese language name for Japan is 'Nippon', which literally means 'origin of the sun'. The national flag of Japan is called the 'Hinomaru' ('sun circle') and it has been used as a symbol of Japan since the 16th century.

- **NATIONAL DAY:** 23 December (Emperor's birthday)
- **DATE WHEN DIPLOMATIC RELATIONS ESTABLISHED BETWEEN JAPAN AND IRELAND:** 5 March 1957



Supplying the World from Ireland

Japan's largest pharmaceutical company Takeda has nearly a 20-year history in Ireland and Greg Timmons, president, Takeda Ireland sees a bright future for the Irish operation

FOUNDED IN JAPAN in 1781, Takeda has three operations in Ireland – a formulation and finishing operation in Bray, Co Wicklow established in 1997, an active pharmaceutical ingredient operation in Grange Castle, Dublin since 2002 and a sales and marketing operation in Citywest, Dublin.

Over the past seven years, Takeda has made acquisitions worth over €20bn and transformed from a largely Japanese-managed company to a truly global organisation, according to president of Takeda Ireland Greg Timmons.

The network of the Takeda group spans over 70 countries and regions and its products are marketed in around 100 countries worldwide.

It appointed its first non-Japanese president and CEO, Christophe Weber this year, who is leading the transformation, which Timmons says is “not just a high-level corporate change, but a tangible one that we can all feel and relate to”.

“Christophe has brought the patient to the centre of our thoughts and our business. It is a great focus area that allows us to embrace compliance with regulations, knowing these patients could be our families and friends.”

Takeda is responsible for discovering and launching the largest selling medicine in Japan in recent years – a product for hypertension called Amias (known as Biopress in Ireland), in addition to being one of the largest global players in diabetes and gastroenterology.

The Bray and Grange Castle manufacturing operations supply small molecule, solid oral dosage products to global markets.

“Takeda was attracted to Ireland for many reasons, but a huge part of the appeal was the people, skills and pro-business environment. Since we came to Ireland the country has changed in almost every way, but not in terms of these three key ingredients,” says Timmons.

Employing around 400 people currently, Takeda Ireland has supplied a number of blockbuster products to global markets, some of which have lost their patent exclusivity. It is also taking on new products and since 2012 has begun supplying the Japanese market.

“This is possibly our most unique characteristic, because the Japanese market holds the highest standards for cosmetic quality and as such is considered the most difficult market for which to manufacture,” says Timmons.

“Our success in supplying two key products to this market has led to our selection to manufacture Takecab [a treatment for acid-related diseases] for the Japanese market this year. This product will support our growth in both Grange Castle and Bray for a number of years to come.”

Timmons believes there is a bright future for Takeda Ireland as it has secured the manufacture of such strategic products and supports its sister operations, some of which are much larger in scale.



“Last year Takeda appointed Thomas Wozniewski as global manufacturing and supply officer. Based in Zurich, he has established a global network of manufacturing, supply and engineering professionals.

“We now have richer exchanges and more technical resources with whom to consult. And Ireland is well respected for its contribution in these exchanges as we research new technologies

and seek improvements to our processes.”

Both Irish manufacturing operations are set to grow in this environment, Timmons says. “Grange Castle is transitioning from a two-shift to a four-shift operation in August 2015 and Bray output is targeted to grow by 60pc within the next two years. On-going capital equipment investment will exceed €30m in our three-year plan to 2017.”

Blueface in world exclusive deal with Panasonic

IRISH cloud-telephony provider Blueface secured a €900,000 deal with Panasonic in November 2014 to launch a new range of IP phones available to purchase at the end of last year. Ireland is the first market in the world where the new Panasonic phone was made available.

The launch came after an extensive six-month research and development process from both companies, which included the Blueface team travelling to Japan.

Blueface worked with Panasonic to create a handset geared towards the SME market in order to meet growing demands and expectations for the ‘work phone’ from Irish businesses.

The plug and play phone is designed for maximum mobility around an office, retail space or any industrial environment. The handset operates from a very small base station that plugs into a broadband router.

The exclusive partnership announced at the Web Summit in Dublin eliminates the need for wires and works over wireless digital enhanced cordless telecommunications technology, which allows any handset to work off it.

“Through its technical team and expertise of the telecommunications industry, Blueface proved to be an ideal partner for this collaboration, and is a great example of a disruptive Irish company offering world class cloud services,”

said Hironobu Higuchi, manager of communication products, Panasonic.

Panasonic added Blueface to its European Cloud Solutions Network in 2013. As a result, Blueface now has access to the Panasonic redirect server, which means that it can order hardware to be shipped directly from Panasonic to the customer.

Founded in 2004, Blueface has become Panasonic’s largest distributor in Ireland through its reselling of the UT range of Panasonic SIP hardware - a phone system allows Blueface to create a bespoke service for individual customers depending on their business needs.



An Taoiseach Enda Kenny with Blueface chief executive Alan Foy