



Photo: Consul Gen Ms Keiko Haneda speaking at The Japan-Victoria Business Forum

A MESSAGE FROM THE MANAGING DIRECTOR



Shuichi Hirano
MANAGING
DIRECTOR

Dear readers,

Thank you for reading the 2015 Spring edition of JETRO Sydney's newsletter.

On August 25th, JETRO held the 'Japan-Victoria Business Forum' in cooperation with the Victorian Government, Austrade, the Ministry of Economy, Trade and Industry Japan and the Japan National Tourism Organization.

The event was a huge success, with more than 150 participants attending on the day and a number of business opportunities arising. The forum involved a Japanese government arranged business mission, which was comprised of thirteen companies and organisations from the Food & Agriculture, Life Science and Tourism sectors from across Japan.

The Forum provided each of these companies with the opportunity to speak about the attractiveness of regional Japan, as well as about the importance of revitalizing the regional economies many of them call home.

The result of meticulous preparation and planning, the overall purpose of this forum was to facilitate improved bilateral relations between the two countries, as well as to promote further trade, business and investment opportunities. In order to achieve the best outcome for everyone who participated, the forum was split into three sessions.

The first session covered Japan and Victoria's unique economic relationship. There were a number of great presentations in this session that effectively demonstrated the many ways in which companies in Australia and Japan can take advantage of the strengths of both countries for mutual benefit.

For instance, a speaker from Mitsubishi Chemical Holdings subsidiary 'KAITEKI Fresh Australia,' spoke of the potential that lay in a Japan-Australian collaboration supplying a safe, stable and reliable food supply to the growing Asian middle-class market through the use of Japanese technology and

Australian agricultural know-how. The company is already showing how this can be done; KAITEKI FRESH grow products like baby spinach, rocket, and kale at their facility in Victoria and then export them to Asian countries. Similarly, Mesoblast, an Australian company which specializes in the use of mesenchymal lineage adult stem cells, spoke about the potential opportunities in the Japanese market and outlined their own success and goals in Japan.

The second session was a breakout session that divided attendees across the three represented sectors (Food & Agriculture, The Life Science/biotech industry and Tourism); and finally, the Forum concluded a targeted networking session, aimed at providing attendees on both sides with the opportunity to meet and conduct business discussions.

Overall, the forum achieved its goals and exceeded expectations, and JETRO extends its gratitude to the speakers for lending their time and expertise to this worthwhile event. We look forward to seeing and hearing from you all at our next event.

For further details on the speakers, their presentation materials and for information about the delegation please visit [The Forum's dedicated page](#). ●

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FEATURE ARTICLE

Helping companies manage "lean" Japan style



Ben Sparrow
Managing Director
Shinka Management

Japan and Australia have a long track record as close business partners. The two countries have exchanged many ideas, skills and technologies over the past half-century. However, there is a relatively untapped space where Australia has an opportunity at its doorstep to learn directly from the world-leader in a concept known as lean management.

LEAN MANAGEMENT

'Lean Management' is a concept that originates in Japan, but whose influence has seen it applied by a surprisingly large number of companies in Australia and abroad. The term Lean came from American research of the management approach used by much of Japanese industry, with the flagship example being Toyota. Most management buzz words come and go, but lean is something that Japanese industry has maintained a disciplined focus on for a long time.

However, the Japanese themselves don't actually use the term lean management. In Toyota,

it is referred to as the Toyota Production System (TPS). Other companies incorporate their own name, reference a key lean foundation called 'kaizen,' or simply refer to TPS.

It is an approach focused on maximizing safety/wellbeing, quality and efficiency in operations ranging from manufacturing motorcycles (e.g. Honda) to retailing clothing (e.g. Uniqlo). A key focus of lean is the elimination of non-value-adding elements of any type of task or process—referred to as muda (or waste).

examples of the concept. This is where Australia has an opportunity to work more closely with and learn from its long-time friend Japan.

BRINGING LEAN TO AUSTRALIA

Shinka Management was established as a spin-off of 'Japan Management Association Consultants' to help bridge the experience and know-how that exists in Japan with Australian companies. One of the key activities we do this is through the Lean Japan Tour where we escort



[Lean management] is an approach focused on maximizing safety/wellbeing, quality and efficiency in operations ranging from manufacturing motorcycles (eg. Honda) to retailing clothing (eg. Uniqlo)."

The concept remains relatively new to Australia. Australian companies are making positive progress, but many struggle to fully comprehend the concept due to the lack of deeply-embedded local examples to benchmark against and use as case studies to learn from. Due to language barriers, most companies tend to focus their research of lean on texts and examples out of the USA, where they too do not have many mature

Australian managers around Japan to best-practice examples of lean.

What Australian managers see first-hand at companies such as Toyota, Rinnai, Nissin and Yanmar is the application of lean management as a belief rather than as a tool or project. Kaizen, or (continuous) improvement, is their

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foundation for driving change every day. Their reluctance to throw monetary investment at kaizen means it is up to their own people to develop ingenious ideas and use their own skills to implement change. It is the accumulation of all of these improvements and the resulting know-how that have continued to strengthen these companies.

A key difference with Australian companies is also around the systems these lean companies have developed around supporting improvement, employee development and employee engagement. The results means that assisting the achievement of the company policy and targets are bottom-up ideas for kaizen that are quickly acted upon, implemented and followed up on to ensure they have achieved their objective.

An important point for successful kaizen and for speed of improvement is to be comfortable

with only achieving part of your objective the first time round; sixty percent is acceptable. The secret is to follow up and tweak the improvement until you finally achieve one hundred percent of your original objective. Australians can find this concept difficult at first, because negativity naturally comes with not achieving an objective. However, the time spent formulating the perfect solutions stretches out the lead-time for the improvement.

It has been proven by these Japanese companies that a much higher speed of improvement can be achieved through quick implementation of an idea and making changes until the objective has been achieved. One of many gems of know-how that Australian companies can learn from these world-class lean organisations.●

Ben Sparrow is a Director at Shinka Management, based in Adelaide.

JETRO Sydney to host 'Japan Booth' at AusRAIL PLUS this November

JETRO Sydney will host a 'Japan booth' at this year's AusRAIL PLUS Exhibition, to be held at the Melbourne Exhibition Centre between the 24th and 26th of November.

The aim of the Booth is to provide a one stop shop for Japan's key rail companies to engage with Australian government and business in order to help facilitate mutually beneficial collaborations.

The Japan Booth will host up to eight Japanese companies with expertise, products, services and technological solutions across a range of areas across the rail and rail related industries.

With companies such as the Central Japan Railway Corporation, Hitachi, IHI, Mitsubishi Electric, NEC, Toshiba and others being represented, the Booth will provide interested Australian businesses and government representatives with a vast array of potential business opportunities as Australia's major cities and resource sites continue to expand their rail networks.●



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Synergies in Agribusiness and knowledge industries



Manuel Panagiotopolous
Australian & Japanese
Economic Intelligence

In this issue I want to highlight two important areas that will stimulate an increasing number of business opportunity in Japan: protection of intellectual property and the major changes to the agriculture industry in Japan.

AGRIBUSINESS

Firstly, I want to look at the developments in the agribusiness sectors in Australia and Japan.

In Australia, there has been a recent concerted focus on how the Australian agribusiness sector can grow through the expected new demand created by the expanding middle classes in the Asian region (China, India and ASEAN). We are talking literally about hundreds of millions of new middle class consumers who will want more protein and more sophisticated food, with the expectation of high quality and safety.

As a major exporter of food, Australia is well placed to supply a significant share of the new demand and will become a host to major investment from overseas, including from Japan. There are also Government programs aimed at food global value chains and the development of Northern Australia.

In Japan, too, the agriculture sector is being turned into an agribusiness, in what's being referred to as the "industrialisation" of agriculture

and agribusiness.

This is happening through reform, consolidation of farming land, incorporation of ICT and integration into global value chains in the stages of production, processing, distribution and consumption. The aim is to increase economies of scale to stimulate growth, focus on exports, apply business management principles and collaborate with foreign businesses. So-called Farmland Banks were established in all 47 prefectures with the aim of consolidating land so that by 2024 80% of farmland is managed as a business venture. There are expected to be huge increases of Japanese food products over the next decade.



Investment into Japan's agribusiness sector makes sense for Australian companies that already have a competitive advantage in global food markets."

These changes, too, will make investment into the Japanese agribusiness industry, throughout the whole value chain, attractive for foreign capital and Australian firms should be looking closely at opportunities. Investment into Japan's agribusiness sector makes sense for Australian companies that already have a competitive advantage in global food markets. With excellent quality produce and a change of direction to-

wards exports and overseas growth which will stimulate productivity growth, the Japanese sector will be attractive for capital inflow.

INTELLECTUAL PROPERTY

Some recent changes to property rights in Japan have also created new opportunities. Japan is traditionally thought of as having a highly secure property rights regime, and this sets it apart from some of its neighbours. Indeed, may see protection of property rights, including intellectual property rights, as a key advantage for Japan compared to other Asian countries and makes Japan an excellent base from which to supply other markets or to establish a regional headquarters.

However, entry into the Japanese medical market has similarly long been seen as challenging and complex. But this is changing with legislation such as the Pharmaceutical, Medical Devices and Other Therapeutic Products ACT, which came into effect in November 2014. This law establishes a framework for expedited approvals for regenerative medical products, and its enactment has already paved the way for foreign companies to get their products to market.

An exciting recent example is the entry of Mesoblast into Japan. Mesoblast has developed specific types of Adult Stem Cells that have significant applications in the medical sector and disease treatment. Mesoblast took advantage of the new Act to fast track its entry into Japan, and has said it sees both growth opportunities in Japan's aging population and security in its rigorous intellectual property rights framework.●

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Japanese government planning to unlock further regulatory reforms

Photo: stevepd/pixabay.com



Kevin Gibb
Research Officer

In order to face the challenges set by increasingly rapid changes in domestic, international, economic and social circumstances, the Japanese Government has methodically been targeting sectors for regulatory reform in order to adapt its industries and remain competitive.

To this end, on the 30th of June 2015, The Council for Regulatory Reform released a report on the primary areas to be targetted in the national agenda. Ultimately, The Council found a number of areas where further action was required, noting 182 items for review across five sectors: Health and Medical Services (58), Employment (4), Agriculture (9), Investment Promotion (74) and Regional Revitalization (37).

In health, it reviewed the regulations in relation to the separation of medical and dispensary practices, aiming to make pharmacies more accessible to patients. Under the current regulations, hospitals and pharmacies are required to be separated by at least a public road, which makes them inconvenient to access for the very sick, the disabled and the elderly. The Council also recommended a re-examination of the 14-day prescription limit imposed on newly approved drugs during their first year on the market, with a view to making this more liberal.

The reviews on both these matters expected during 2016 and 2015 respectively.

On the labour front, The Council has called for a discussion regarding possible regulations that, in the case of employee termination, would help facilitate a faster and more amicable separation between the employer and employee. Under the proposed regulations an employee bringing, and being successful, in a wrongful termination suit would then, if they chose not return to that workplace, have the opportunity to request a financial settle-



The Council has called for a discussion regarding possible regulations that would ... facilitate a faster separation between the employer and employee."

ment instead of having to bring another lawsuit for damages as is the case under the current system. Such changes would make labour disputes less litigious and more efficient and improve the labour market's agility.

Moreover, The Council has also approved a proposal to allow beauticians and barbers to operate within the same premise under the condition that those working there would possess both a beautician and barber's license. The move goes some way

to addressing some of Japan's more cumbersome workplace conditions and is expected to be implemented in 2016.

In agriculture, The Council proposes to implement a tax incentive/disincentive scheme for unused agricultural land whereby abandoned land would be taxed at a higher rate and tax relief would be granted for abandoned land that was leased out to land banks. The aim of this proposal is to further the consolidation of agricultural land, and to address the problem of companies and individuals choosing to abandon land to avoid further costs. The reform will work by prompting individuals to lend out their unused agricultural land to land banks, which will rent fields and sublet them to growers who are seeking more acreage.

In addition, in order to further promote the experiential learning in agricultural studies, the leasing of private residences has been excluded from the Hotel Business Act. This is important for the growth of such schemes, as it assists in providing accommodation in remote areas where much of such learning takes place. Furthermore, simplifying the rules around the increasing trend of private residents making use of internet services to lend out their residences for accommodation is also being considered, with a recommendation expected in 2016.

Finally, as a result of the increased fuel cell vehicle use, The Council advocated for the easing of fuel cell rules, which has allowed for the implementation of self-service hydrogen filling stations. ●



THINKING OF DOING BUSINESS IN JAPAN?

Contact the Business Development Team at JETRO Sydney to find out more about how we can help you take your business to Japan

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SUCCESS CASE: **RIEDEL COMMUNICATIONS**

Photo: Ververidis Vasilis/Shutterstock.com

Riedel Communications has spent the past three decades building a reputation as one of the world's best manufacturers and suppliers of communications technology. Based in Germany, the company has seen great success, securing contracts to provide for major global events like the Formula 1 races and Olympic Games. With such a pedigree in providing communications solutions for such prestigious events, it is little wonder then that Riedel has its eye on Japan.

BUILDING NEW FOUNDATIONS

Riedel is not new to Japan; it has had its products in the market for over ten years through distributors. However, with both the 2020 Olympics and 2019 Rugby World Cup being in Japan, the company decided that simple distribution relationships was no longer enough; it would need to have a genuine presence in the market. As a result, the company tasked the General Manager of its Australian office, Cameron O'Neill, with exploring how they could do exactly that.

In his preliminary research on building a business in Japan, Cameron discovered JETRO. This brought him in touch with JETRO Sydney's Business Development team, with whom he quickly organised a meeting to discuss Riedel's plans and goals. Having done considerable ground work by the time of the meeting, Cameron explained to JETRO Sydney both the type of business Riedel planned on establishing, and also the JETRO support packages he wished to access.

His application was quickly approved, enabling JETRO Sydney to arrange meetings for him at its head office in Tokyo in the following weeks to meet with our team of specialists. From there he began working hard in Japan to establish a local arm for Riedel.



The JETRO specialists ... were fantastic and really helped guide me through what is clearly a very complex regulatory framework"

- Cameron O'Neill

JETRO'S GUIDANCE

Cameron spent several weeks going over all Riedel's requirements and getting the details right for their new local company, but at each stage he was impressed by the depth of knowledge of JETRO's experts and says they made an intricate process much more manageable.

"The JETRO specialists, particularly in areas like tax and immigration, were fantastic and really helped guide me through what is clearly a very complex regulatory framework," he says.

After working with JETRO Tokyo for over a month, Riedel successfully opened an office in Shinjuku, Tokyo in May and had its business up and running a month later.

Cameron then moved quickly to build a staff in order to engage with its local client base and start positioning the company for the upcoming events. Cameron says that he has already noticed how much easier such engagement is for Riedel's new Japanese entity:

"Being in Japan has already helped our client relationships considerably and as a long standing partner of the Olympics it positions us to continue providing our communications solutions when Tokyo hosts the games in 2020."

A BASE FOR ASIA

But with the 2018 Winter Olympics to be held in Pyeongchang, South Korea and the 2022 edition now confirmed for Beijing, China, Riedel are already looking on their Japan operation as a regional hub to manage what will be a growing Asian business. Indeed, the company already has a firm eye on these events, and plans to manage at least part of any work it does on them from its new base in Shinjuku.

"It just makes sense to base ourselves here. As a strong, secure market with a large pool of skilled labour in our area, Japan offers considerable advantages for an Asia-expansion headquarters."

With the company already making progress in Tokyo, expect to hear more about Riedel Communications in the years to come as they tackle major events across the region and build their client base. ●

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Editor's Corner: Japan has a role to play in Australia's embrace of rail

Photo: pixabay (Kaguran)



Daniel O'Toole
Editor

Over the course of the past couple of years, transport infrastructure priorities in Australia have made a noticeable shift toward rail, a move which holds great potential for collaboration with any number of Japan's famous rail industry leaders and innovators.

Traditionally a more road focussed nation, state governments across the country have announced significant new rail projects to improve the public transport in the country's two busiest cities.

Infrastructure projects like the New South Wales Government's Sydney Light Rail Program, the new metro line, and the Victorian Government's Melbourne Metro Project will help improve the accessibility of their respective metropolitan areas and bring the cities more in line with international counterparts. Rail may also find more support federally as well, with Prime Minister Malcolm Turnbull being known to be approving of public transport infrastructure.

The timing is certainly favourable for such

projects for other reasons too; with capital expenditure in the mining industry returning to traditional levels, the costs related to construction have decreased and the skills shortage in critical areas like engineering and construction having largely abated.

But given such a positive economic and political environment for rail, is it also time to revisit the question of a High Speed Rail (HSR) network linking Brisbane, Sydney, Canberra and Melbourne?

Australia has pondered HSR for decades now, but seemingly lacked the necessary combination of political capital across federal and state governments and an economic environment that would allow it. However, this equation may be changing.

Successive Federal governments have shown an increasing interest in the project. The former Labor Government commissioning reports into HSR that argued the Sydney to Melbourne line in particular would generate a return of \$2.15 for every \$1 invested, whilst more recently, the Coalition's former business adviser, Maurice Newman, travelled to Japan as a guest the Central Japan Railway Company (JR Central) to experience the Shinkansen (Japan's famous HSR

system).

Following the trip, Mr Newman told said that the time had now come for HSR in Australia, and that the project may even be viable without significant government funding. Mr Newman said he believed Japanese companies like JR Central would likely have a role to play thanks to their considerable expertise and the availability of capital through Japan's Development Bank.

In recognition of this potential, JETRO will be bringing a number of Japanese Rail and Rail related companies to Australia for the upcoming AusRAIL PLUS Exhibition being held at the Melbourne Convention Centre between the 24th and 26th of November this year.

Among the companies we will be hosting at our booth are JR Central, Hitachi, IHI, Mitsubishi Electric, NEC and Toshiba. All of these companies have shown a great commitment to the Australian market and offer solutions to a variety of challenges Australian rail infrastructure projects both large and small face.

With their vast networks, resources and experience, JETRO believes that Japanese companies like these can help make Australia more accessible both within its cities and between them. ●

JETRO Sydney welcomes its new research officer

In recent months JETRO Sydney has farewelled research officer Alice Byron, who has returned to university for further studies

Alice contributed significantly to JETRO Sydney, shedding light on changes in the Japanese retail sector, developments in medical technology and the power of Japanese creative content. JETRO wishes Alice the best for her future back in Japan and extend our deep gratitude to her

for all her work with us.

However, JETRO Sydney has been lucky enough to attain the services of Kevin Gibb in the research role to continue this work.

Kevin, who previously interned with JETRO Sydney, earned a degree in Mathematics and Finance from the University of Technology Sydney in 2014, and is looking forward to working together with our team.

Kevin has already engaged in detailed research on changes to the Japanese regulatory environment and has written a summarised article covering the major developments in this area for your convenience on page 5.

JETRO Sydney looks forward to working with Kevin and hopes you get the opportunity to see more of his work in the coming months and years. ●