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INTERVIEW

“Japan’s economy is very strong in infrastructure, market size and business sophistication”

Interview with Masao Takahashi, World Economic Forum

Masao Takahashi is Head of Forum Business Engagement — Japan, Member of the Executive Committee, at the World Economic Forum (WEF). He graduated from the Yokohama National University in the field of engineering and from the IESE Business School. He began his career at the Nomura Research Institute and joined the World Economic Forum in July 2010.

What are your duties at the World Economic Forum?

I started as a community manager for Japan. In this position, I was responsible for Japanese business sector, including shaping the strategic agenda of CEOs and top executives from Japan as well as connecting broader Japan related agenda to global discussions in the Forum. Then, I had a broader geographical perspective and became responsible for business relationship of Asia. And now I have three concurrent duties:

- Head of Business Engagement — Japan;
- Head of Technology Pioneers and Industry Disrupters (recognizing companies from around the world that are in-



Masao Takahashi, Head of Forum Business Engagement — Japan, Member of the Executive Committee; Kiriko Honda, Community Lead, Business Engagement Japan; World Economic Forum

involved in the design, development and deployment of new and disruptive technologies);

- Head of Forum Member Community (which engages over 400 fastest growing emerging multinational enterprises).

And I am also a Member of the Executive Committee, which is a group of senior leaders to shape the Forum’s direction and activities.

What was the purpose of the World Forum on Sport and

Culture that took place from October 19th to 22nd in Tokyo?

This very unique meeting was organized by the Japan’s Ministry of Education, Culture, Sports, Science and Technology and the Forum supported it. It gathered more than 1000 participants and focused on health-related activities. The event highlighted the role of sports and culture from multiple angles: from “How can sports act as the engine of inclusivity and social change?” to “the design of future urban city?” How can we design cities that encourage better behavior for better health?” The event was also the unique opportunity to showcase Japan.

The World Economic Forum Annual Meeting 2017 will take place in Davos from January 17th to 20th, 2017. What will be the topic of the discussions?

This year, the Annual Meeting will focus on “Responsive and Responsible Leadership”: each of us as a leader to be responsible for the changes happening and to be responsible for the decisions (not short-term but long-term).

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The meeting will revisit what leadership we need in the current era of dynamic changes through following five pillars of agenda: Preparing for the Fourth Industrial Revolution, Preparing for the fourth industrial revolution, Strengthening systems for global collaboration, Revitalizing the global economy, Reforming market capitalism, and Addressing identities through positive narratives.

Around 2500 participants including 50 Heads of States and 250 Ministers participate in our Annual Meeting every year. We do not know yet the final list of participants. But we expect to receive stronger delegations from all over

the world, especially from G20 countries as the world is facing multiple transformations these days and needs a neutral platform to exchange opinions and build trust among leaders.

From Japan, we expect to have record high participation (over 100 participants) including more top executives from newly engaged companies. We look forward to seeing unique leadership role of Japan and Japanese business to shape the future of social systems as well the regional collaborations.

In the Global Competitiveness Index 2016-2017 Rankings, Japan is ranked 8th. Why has Japan lost two positions from the previous ranking? What are the weaknesses and strengths of Japan’s economy?

The issue is not whether a country lost/gain position in the global ranking; the most important is about the trend of each component. If you take a look of the index details, Japan is ranked high in infrastructure (rank 5th), market size (rank 4th), Health and primary education (5th), business sophistication (rank 2nd), and Innovation (8th). Those could be key contributors of shaping Japan’s competitiveness. However, if you take a look of driving indicators, we see continuous down trend in some of key indexes which support the competitiveness: Quality of infrastructure, quality of primary edu-

cation, Capacity for Innovation, market size index (both domestic and foreign). We wish that the ranking would trigger the discussion around the future implication and action toward it: Is Japan going to maintain competitiveness? What should it be done to maintain competitiveness? What are the key strengths? Are they sustainable?

What is the importance of Japan in the world economy? What do you think about the current situation of Japanese economy?

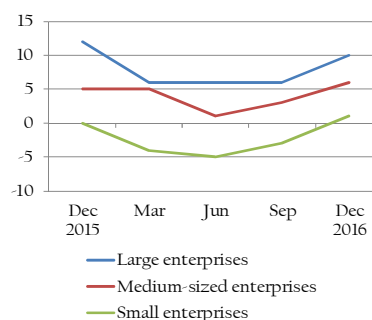
I see a strong thought leadership role of Japan in shaping sustainability of global society and social systems: solutions for longevity and ageing society management, transformation of social security system, and sustainable infrastructure management. Today, both developed and developing countries are faced with structural issues that have emerged in tandem with their economies maturing and experiencing the common societal dilemmas that arise as a result of socio-economic development. Japan has advanced issues and is experiencing the challenge of maintaining continuous growth in a maturing and shrinking society. I believe Japan could take a unique thought leadership role by sharing the leading examples and lessons learnt globally.

Japan's current economic situation

According to the Cabinet Office, “Concerning short-term prospects, the economy is expected toward recovery, supported by the effects of the policies, while employment and income situation is improving. However, attention should be given to the uncertainty in overseas economies and the effects of fluctuations in the financial and capital markets” (Monthly Economic Re-

port, November 2016).

Issued by the Bank of Japan, the Tankan index on business conditions in manufacturing sector for large enterprises increased from September to December, from 6 to 10 for large enterprises, from 3 to 6 for medium-sized enterprises and from -3 to 1 for small enterprises (see graph).



Tankan index on business conditions
(actual results)
Bank of Japan

動向

SITUATION

Survey on business conditions of Japanese-affiliated companies in Europe

JETRO conducted a survey on the business conditions of Japanese-affiliated companies in Europe between September 20th and October 18th 2016. It is based on 1,000 valid responses (a 71.3% response rate) out of 1,403.

According to the survey, European operating profit forecasts remain high, however 2017 forecasts for UK based Japanese affiliated companies indicates a slight deceleration. 72.7% of companies responded that they forecast an “increase” of their operating profit, against 14.8% a “breakeven” and 12.6% a “loss”.

Overall “European political and social conditions” was rated as the main operational challenge at 47.9%, increasing by 12.9 points from last year’s 4th place. This could indicate increasing political uncertainty such as rising populism and EU skepticism as well as growing concerns about the impact on consumption and decreasing tourism, caused by terrorism and migration crisis. In the non-manufacturing

	Utilizing in ex-ports	Utilizing in im-ports	Conside-ring utili-zation in ex-ports	Conside-ring utili-zation in im-ports	Not utili-zing in ex-ports	Not utili-zing in im-ports
European Economic Area (EEA)	43.5%	48.1%	8.4%	8.6%	48.2%	43.2%
Turkey	38.2%	64.5%	9.0%	6.5%	52.8%	29.0%
Switzerland	38.7%	47.6%	7.1%	0.0%	54.2%	52.4%
Mediterranean countries (including the Middle East)	31.2%	35.7%	6.4%	7.1%	62.4%	57.1%
South Africa	25.8%	16.7%	17.2%	16.7%	57.0%	66.7%
South Korea	33.3%	51.8%	13.0%	10.7%	53.7%	37.5%
Mexico	34.0%	41.7%	10.6%	25.0%	55.3%	33.3%
Chile	34.6%	0.0%	7.7%	0.0%	57.7%	100%

Use of bilateral or multilateral FTAs by firms operating in the EU

category it was even higher at 50.2%.

Looking at the impacts of Economic Partnership Agreements (EPA) and Free Trade Agreements (FTA) currently being negotiated by the EU, overall, 37.8% responded that the EU-Japan agreement would have “major advantages” (+2.9 points since last year).

On the issue of the use of free trade

agreements, JETRO’s study shows that the Free Trade and Partnership Agreement with Switzerland is utilized by 38.7% of Japanese-affiliated companies in exports and by 47.6% in imports (see table).

For further information, please consult JETRO’s Website: <https://www.jetro.go.jp/en/news/releases/2016/a329b6907c73f177.html>

活動

ACTIVITY

革新

INNOVATION

Japan launched space junk collector

“Kounotori 6” (“stork” in Japanese) has been launched from the southern island of Tanegashima on December 9th, 2016, at 10.27 pm (local time).

15 minutes after takeoff, Japan Aerospace Exploration Agency’s (JAXA) spokesman Bonuyoshi Fujimoto said Kounotori 6 was put into the orbit.

The is experimenting a “space junk” collector. Its purpose is to clear up tons of space wastes, including fragments of satellites and rockets. It is estimated that over 100 million pieces of waste are circulating in space. They may cause collisions, and therefore threats to future space exploration.



Kounotori 6

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Agenda

日程

AGENDA

- ✓ 21st Feb.: JETRO / S-GE Seminar on the Fourth Industrial Revolution in Japan
S-GE, Stampfenbachstrasse 85, 8006 Zurich

JETRO is a government-related organization that works to promote mutual trade and investment between Japan and the rest of the world. Originally established in 1958 to promote Japanese exports abroad, JETRO's core focus in the 21st century has shifted toward promoting foreign direct investment into Japan and helping small to medium size Japanese firms maximize their global export potential.

The JETRO Switzerland Newsletter can also be viewed and/or downloaded online:
<http://www.jetro.go.jp/switzerland/newsletter>

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