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Preface to the 100th Issue

Dear Readers,

I am very pleased to announce the one hundredth issue of JETRO Switzerland Newsletter. Our first edition was published in April 2009. Since then, we have been delivering the newsletter on monthly basis without any interruption. We could not have done that without your supports, which we really appreciate.

For many years, Switzerland has

been a destination where ambitious people have sought knowledge and business opportunities. I feel privileged to serve Swiss business community through our newsletter.

JETRO Switzerland Newsletter aims to be a window for Japan. It is also the work which readers and JETRO jointly create. We are grateful if you would continue giving us your feedbacks. It

makes us possible to move forward.

My sincerest hope is that our newsletter contributes to building bridges between both countries.

Many thanks,

Masashi NAKAZONO

Director General of JETRO Switzerland

Kowa is looking for partners in Switzerland and Europe

Interview with Dr. Junichi Kawagoe, General Manager of Kowa Holdings Europe AG and CEO of Kowa Pharmaceutical Europe AG

Could you please introduce your professional history?

My professional history is very diverse, like Kowa's business diversity, though I have only been in the pharmacology field. I joined Kowa in 1988 as a researcher in the pharmacology field. Later, I obtained a Ph.D and did gene-targeting research at National Institute of Health in Bethesda, Maryland (US). Since then, my career has been closely related to the international development of Kowa. I worked as an Overseas Project Leader, Director of Licensing Department and finally as Chief Officer of International Sales Department. I contribute to Kowa's successful develop-

ment in America through acquisition, which increased our overseas sales to reach about US\$ 400M.

Now, we want to extend our activities in Europe. This is why I moved to Europe and more specifically to Switzerland to develop our business there. In order to do this, we re-organized Kowa's European structure by establishing two new companies (see question 4).

Could you briefly describe Kowa's history?

Kowa began its business in 1894 as a textile wholesaler in Nagoya. Over generations, Kowa actively caught the trend

and adjusted its business and business model. As a result, Kowa currently has diverse divisions. We are no longer just a textile



Kowa's products: OTC drugs, on prescription drugs, binoculars, lenses and much more.

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company, but also a pharmaceutical, trading, and optical company. We not only have a large range of products from OTC supplies, to prescription drugs, but also medical devices and instruments as well as eco-related products such as LED lights and plant factory products. In addition, Kowa has a hospitality business: we operate three hotels and a department store in Nagoya.

What are Kowa's global business activities?

Kowa opened its first overseas office in 1935 and the first European office in 1963. Currently, Kowa owns more than 40 companies all over the world. One of our most important activities is in the pharmaceutical field, which represents nearly 40% of our annual sales. Kowa develops and sells both Rx (prescription drugs) and OTC (non-prescription drugs) products in addition to intraocular lens (IOL: Avanse®) for cataract surgery. Our top selling product is a cholesterol reducer, Pitavastatin (distributed as Livalo®, Livazo® or Alipza®); it is sold in more than 20 countries with annual peak sales of about US\$ 1 billion.

As for the trading business (one third of our sales), we deal with chemicals, machines, construction materials, textiles and commodities. As to optics, we manufacture and sell lenses for industry, spotting scopes for bird watching and binoculars. We also produce medical instruments in the eye field.

Kowa recently established two

companies in Zurich. What are their functions? Why did Kowa choose Switzerland?

In February 2016, we established a holding company for Europe in Zurich (Kowa Holdings Europe AG) in order to govern all of Kowa's subsidiaries in Europe such as the one in the UK and Germany. We also established a pharmaceutical company, Kowa Pharmaceutical Europe AG, in December 2016 as a pharmaceutical headquarters in Europe.

In order to understand Kowa's structure, there is Kowa's headquarter in Nagoya and three regional holdings to handle our overseas activities in Asia, America and Europe.

We have chosen Zurich because of its geographical location at the center of Europe. We need to have a very good connection with the rest of the continent as well as with Japan; from this point of view the proximity of the Zurich airport is a great added value for us. The stability of the country, its wealth of high-level talents, its neutrality and its diversity of languages are strong assets for us.

How does Kowa see the potential of the Swiss markets? What products is Kowa going to highlight there?

The Swiss market itself remains relatively small, but it is an interesting one. We believe we can obtain great hints for successful entry when we analyze the Swiss market deeply because of the diverse characteristics of Switzerland. Actually, we are doing so by close collab-

oration with local partners, also expecting sales increase in Pitavastatin (Livazo®), IOL (Avanse®), medical instruments and hand /foot warmers, that are already available in Switzerland. We are sure that our OTC products can be a chance to enter the Swiss market by ourselves because Kowa is very famous in Japan as an OTC brand (No. 5) due to a rich product line such as Cabagin Kowa®, Colgen Kowa®, Una Kowa®, Q&P Kowa®, Vantelin Kowa® etc.

Did Kowa face any challenges and difficulties in doing business in Switzerland and in Europe?

We are facing some challenges in the pharma field. To enter the actual market by ourselves, we need some extension of market size due to the huge investments to prepare our product to meet pharma regulatory, pricing and reimbursement issues. So we cannot consider entering only into Switzerland, entering some European countries at one time, meaning our difficulties are not only in Switzerland, but all throughout Europe.

From Japan, Europe is often seen as one big market, but when one comes here one understands how different it is. Looking closely, it is a big complex with different countries where several factors are different such as regulation, sales customs, advertisement – not only language – but culture and behavior as well. Of course, we knew it, but by being here, we

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Part of Kowa's team in Zurich with the company's mascots. The General Manager Dr. Kawagoe is on the right

understand how much those differences can be important to take into consideration of our business plan. This is especially true in the case of pharma regulation which is so different from country to country. Let me give you a concrete example, an active ingredient can be seen as Rx (on prescription) in one country but in other countries it will be seen as OTC or even simply as a food. Furthermore, in Rx, price and re-imburement status is different in each country mainly due to the assessment system, HTA and International Price Reference.

We have been handling these issues by collecting relevant information from our local collaborators, consultants and seminars. Also, Kowa Pharmaceutical Europe AG has business development function, in which we are seeking

for acquisition or/and joint-venture opportunities to start our business in Switzerland and in Europe. It would be helpful to have local people with knowledge, experience and local connections.

What are Kowa's future plan and strategy in Switzerland?

For pharma, as described above, we need the right products that meet Swiss needs and requirements as well as a functional organization to enter the Swiss market. Thus, we are planning a product and sales strategy for Swiss market in collaboration with Japan HQ. It may take a few years to reach the market.

In other businesses, however, we are already ready to talk for any chance of business in trading, through Kowa Europe GmbH in

Germany, and sales of optic products, through Kowa Optimed Deutschland GmbH in Germany. We hope that some readers of this newsletter will contact us. For trading, we can be a window for the entire Asian market including Japan for your products and materials.

Finally, because of my background in research, I was most impressed when I visited ETH Innovation and Entrepreneurship Laboratory and Wyss Translational Center Zurich. So, I would be happy if we could have research collaboration or investments with Swiss academia or biotech company in the future.

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ACTIVITY

A brand new center to promote Japanese food overseas

The Japan Food Product Overseas Promotion Center (JFOODO) is a new organization within JETRO.

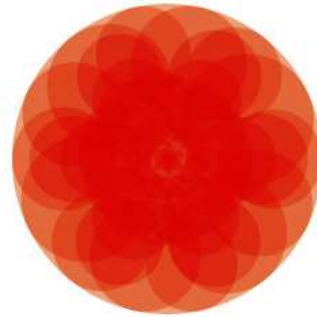
JFOODO was established to dedicate its resources to the branding and promotion of Japanese agricultural, forestry, fishery and food products as well as provide support to Japanese exporters.

Japanese food has become one of the most popular cuisines in the world. With the Tokyo Olympic and Paralympic Games coming up, we firmly believe that this trend will continue. There is a wide variety of Japanese food products with the potential to tap into new markets abroad. JFOODO's mission is to bring the public and private sectors together to create a strong

brand identity for Japanese food products and to promote them globally. JFOODO hopes to share with the world what Japan has to offer – our excellent craftsmanship,

delicious food, and culinary culture that enriches everyday lives.

JFOODO looks forward to working with you as we embark on new challenges.



JFOODO

Agenda

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AGENDA

- ✓ Partnership Switzerland-Japan: keys to success / Two seminars in Western Switzerland:
 - November 7, 2017 in Neuchâtel from 08:00 to 10:30. Details and registration on [JETRO Switzerland](#)
 - November 8, 2017 in Lausanne from 16:45 to 19:00. Details and registration on [JETRO Switzerland](#)

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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