

ABERDEEN-JAPAN
ENGAGEMENT
STRATEGY

January 2015

FOREWORD

Our relationship with Japan began just over four hundred years ago in 1613 when King James of Scotland and England sent John Saris, the first British envoy, to Japan, bearing the gift of a telescope and a request for trading relations between Britain and Japan to start.

In response, Tokugawa Ieyasu, Shogun of Japan wrote:

“I acknowledge your Majesty’s great generosity in sending me so undeserved a present, which cannot be found in my lands. I hope it will be your pleasure to send your subjects to any port in Japan, and they shall be made heartily welcome, for we greatly congratulate their knowledge of navigation, having so easily discovered this remote country. Though separated by ten thousand leagues of clouds and waves, our territories are, as it were, close to each other.”

With direct flights from the UK to Japan now taking just twelve hours, Tokugawa could not have foreseen how right he would be. Our territories are indeed ‘close to each other’ and visitors to Japan are made ‘heartily welcome’.

In the centuries that followed Saris’ visit, the 19th century saw Aberdeen make a huge contribution to the industrial development of Japan, and the 21st century offers huge potential to move forward together in trade, research and education, all of which bring substantial mutual benefits.

Mikata Associates

“.....the Scottish Government absolutely continues to support and build on the links with Japan. We are equally delighted that our councils are taking the initiative. I congratulate Aberdeen and all those who are involved in the strategy, and wish the wider engagement strategy every success.”

*Mr Humza Yousaf MSP, Minister for External Affairs and International Development – Scottish Parliament
Debate on Aberdeen’s Engagement Strategy with Japan 5th June 2014*

INTRODUCTION

Aberdeen City Council's activities in promoting trade and investment have significantly increased the city's role as an economic powerhouse.

With the European economy facing continuing challenges, the decision of the Council to look toward Asia for increased trade and education opportunities could not have come at a better time.

The recent Independence Referendum firmly focused the attention of the Japanese media on Scotland for many months, and other television programmes focussing on Scotland renewed nationwide interest in, and awareness of, our historic and modern relationship.

Aberdeen City Council is believed to be the first local authority in Scotland to pursue a formal engagement strategy with Japan, and the decision to actively reinvigorate the highly valued relationship between the City and Japan has received a very warm welcome and brought with it a number of requests for information from the Japanese media.

This strategy looks to the already high level of engagement that Aberdeen currently enjoys on the international stage, complies with the requirements outlined by Aberdeen City Council, and conforms to Scottish Government priorities. It looks back at the historical relationship between Aberdeen and Japan and seeks to move that relationship forward to secure jobs, prosperity and a greater level of understanding at a time when Asia is playing an increasingly significant role in the world.

The report first examines current links between Japan and the EU, UK and Scotland before outlining a strategy that will engage with education and industry, develop mutually beneficial relationships and maximise opportunities and results. It also identifies opportunities for cultural engagement which is regarded as essential in developing relationships and trust.

Overall, the strategy has been divided into two key strands:

The first, named after Thomas Blake Glover, addresses trade and inward investment.

The second, named after the Choshu Five, addresses greater opportunities for collaboration between Higher Education institutions in Aberdeen and Japan.

This strategy also puts Aberdeen in a position to play a leading role with other local authorities and universities in Scotland who wish to deal with Japan. At the same time, it acknowledges the financial constraints within which all local authorities are operating. With this in mind, it seeks to work closely with organisations who are already engaged with Japan, so that duplication of effort and needless expenditure of resource is avoided.

Although this is a two year strategy, further opportunities exist in the medium term with the Rugby World Cup in Japan (2019) and the Tokyo Olympic Games (2020). A stronger relationship between Aberdeen and Japan will put Aberdeen firms in a better position to compete for contracts as they arise.

WHY CHOOSE JAPAN?

Japan is a stable nation with a democratically elected government and constitutional monarchy.

Not only does Japan offer a huge market in its own right, it is also a highly developed economy and a major global trader and investor. Businesses wishing to expand into the wider Asian market are recommended to do so via the mature Japanese market, where opportunities exist for collaborative ventures across Asia

Japan boasts an astonishing 1.9 million millionaires, and \$12.8 trillion in net financial assets is held by households.

Scotland and Japan face similar demographic and energy challenges, presenting immense opportunities for collaboration and trade.

Japan :

- Ranked as the third largest economy in the world
- Ranked first out of 144 countries for business sophistication
- Ranked ninth out of 144 countries for global competitiveness
- Ranked fourth out of 144 countries for GDP
- 62 Fortune 500 companies are Japanese
- Ranked second in the Intellectual Property Rights Index Ranking
- The Japanese business environment provides a more stable experience than other parts of Asia. Intellectual Property (IP) is strongly protected, with prompt payment, deliveries and communications
- Japan has the highest number of millionaires in Asia
- With GDP 1.9 times larger than the UK, and GDP per capita 8 times that of China, Japan is Asia's high-tech powerhouse economy
- The World Bank ranks Japan as the 27th easiest country to do business with out of 189 economies
- Private consumption has increased from +1.5% (4Q13) to +8.5% (1Q14)
- Member of the World Trade Organisation since 1995.

“Japan is a big part of the British Economy now. About 140,000 jobs in the UK come from Japanese investment. I may add that it is interesting that, for all the headlines, Chinese investment in the UK has so far brought about 3,000 jobs”.

Tim Hitchens – UK Ambassador to Japan

FIVE IMPORTANT TRENDS IN JAPAN

The UK Trade and Industry Team in Japan have identified five trends that Aberdeen businesses and institutions should bear in mind as they either seek to begin or increase their engagement with Japan.

These trends are also picked up elsewhere in the strategy, however it is useful to underline them here from the perspective of UKTI.

Consumer appreciation of quality, authenticity & originality

Japanese consumers, with high levels of disposable income, focus on goods which have authenticity and a sense of tradition. This places Aberdeen and Scottish businesses in an ideal position to deliver unique, high-quality products to a market which appreciates a product with a pedigree.

An ageing society

Japan and Scotland both have ageing demographics leading to opportunities for joint academic research and healthcare, medical devices and pharmaceutical providers.

Removal of trade barriers - EU

The removal of trade barriers is very much on the Japanese political agenda, with projections suggesting that the successful conclusion of negotiations could see EU exports to Japan increase by 30%.

Globalising business environment

Japanese firms, often sitting on large reserves, are looking to expand their operations across a spectrum of industries. To do this, a greater facility in English is required.

Removal of Trade Barriers – Rest of the World

The removal of trade barriers is a key political component of Prime Minister Abe's political agenda. This is not just restricted to trade with the EU, it also covers the US, Australia and Mexico among others.

ABOUT JAPAN

Japan is an island nation situated off the Eurasian continent in the northern hemisphere with a land mass roughly 1.5 times larger than the United Kingdom. It consists of the main islands of Hokkaido, Honshu, Shikoku, Kyushu and Okinawa, and more than 6,800 smaller islands of varying sizes.

Population & Demographics

In 2013, the population of Japan was 127.3 million, making up 1.8% of the world's population. Population density in 2010 measured 343.4 persons per square kilometre, although this is expected to decrease to 260 persons per square kilometre by 2050.

Like Scotland, Japan has seen an increase in one-person households. This category made up 25.6% in 1995, but had increased to 32.4% in 2010, with 'nuclear-family' type households decreasing from 58.5% in 1995 to 56.3% in 2010. Three-generation households, where at least three generations of the same family live together, have also decreased from 11.9% in 1995 to 7.1% in 2010.

Like other developed nations including Scotland, Japan has an ageing demographic as illustrated by this table:

Trends in Elderly Households							
	(Thousands)						
Type of households	1980	1985	1990	1995	2000	2005	2010
Private households	35,824	37,980	40,670	43,900	46,782	49,063	51,842
Elderly households ¹⁾	8,124	9,284	10,729	12,790	15,057	17,220	19,338
(percentage)	22.7	24.4	26.4	29.1	32.2	35.1	37.3
One-person households	881	1,181	1,623	2,202	3,032	3,865	4,791
Males	193	233	310	460	742	1,051	1,386
Females	688	948	1,313	1,742	2,290	2,814	3,405
Aged-couple households ²⁾	1,026	1,415	1,967	2,763	3,661	4,487	5,251

1) For 1980–1990, private households with related members 65 years of age or over; from 1995 on, private households with household members 65 years of age or over. 2) Consisting of a husband 65 years of age and over and his wife 60 years of age and over.
Source: Statistics Bureau, MIC.

Access to the UK

There are 36 weekly aircraft departures to Britain, giving a weekly seat capacity of almost 11,000. At present, all flights arrive and depart from London Heathrow.

Economics

After two decades of relatively low growth, the Japanese economy is showing signs of renewed economic dynamism. The reforms have led to a new sense of optimism in Japan and a rising level of business confidence, with industrial production surpassing its level prior to the Great East Japan Earthquake and Tsunami of March 2011.

Since the late 19th century, Japan has been an early adopter of new ideas and technology, and is now one of the world's largest investors in science and innovation, spending more than 3.3% of GDP on research and development in 2012, placing it fifth highest in the Organisation for Economic Cooperation and Development (OECD) area.

The Capgemini World Wealth Report shows that in 2012, there were 1,902,000 High Net Worth individuals resident in Japan. This is defined as a person with investible assets worth more than \$1m, placing Japan second only to the USA for the number of High Net Worth individuals. A separate report by Credit Suisse suggests that in 2012, the number of Japanese adults with wealth of more than \$100,000 stood at 65.2 million.

In its most recent economic growth reading, released in early June 2014, Japan's gross domestic product grew at an annualised rate of 6.7 percent for the January-March quarter, the sixth consecutive quarterly expansion. Those figures, in addition with a number of other impressive statistics – the economy of Tokyo is bigger than that of all Russia, while the Chubu region of central Japan is worth more than the GDP of South Korea – indicate that Japan's economy is resurgent.

Abenomics

The Japan Revitalisation Strategy, introduced by Prime Minister Abe, and inevitably known as 'Abenomics', aims for 2% Real GDP Growth over the next ten years.

Prime Minister Abe has also expressed a desire to further develop Japan's international ties, including through an economic partnership agreement with the European Union. This is largely the result of Prime Minister Abe's 'three arrows' economic strategy of fiscal stimulus, monetary easing and structural reforms.

Abenomics has stabilised the yen exchange rate, boosted the stock market, increased corporate investment and encouraged the public to go out and spend. The strategy aims to achieve its wider goals by:

Unleashing the potential of the private sector:

- Accelerating industry restructuring and venture businesses
- Regulatory institutional reform, opening up public enterprises

Encouraging participation by all and human resources that are globally competitive:

- 'Women-friendly' work environments
- Society where youth and the elderly can maximise their potential
- Globally competitive Japanese youth

Creating new frontiers:

- Japan as a 'technology-driven, intellectual property-based nation'
- Attracting world business and tourists to Japan
- Leap into global market under public/private concerted efforts.

SCOTTISH GOVERNMENT POLICY

This Strategy, although a stand-alone project in itself, also takes cognisance of, and articulates a desire to contribute to the Scottish Government's **National Outcomes**:

'We live in a Scotland that is the most attractive place for doing business in Europe'

In 2013, Japan launched negotiations for a free trade agreement with the EU, which is a further indication of the country's commitment to open markets.

With such a keen interest in Europe, Aberdeen's decision to pursue an engagement strategy with Japan places the city in an ideal position to make a substantial contribution to the Scottish Government's Economic Strategy, through developing trade opportunities.

'We realise our full potential with more and better employment opportunities'

Aberdeen is the well-established Energy Capital of Europe. As energy production methods develop further into the renewable sector, especially in Japan where energy needs dictate a move toward more renewable energy, Aberdeen is well placed to reap the benefits of investment and manufacture in this growing technology, creating and sustaining quality employment opportunities.

Spending on luxury items in Japan saw rapid growth in 2013. Aberdeen's producers of high quality products could be ideally placed to participate in this strategy to secure jobs by exploring exporting opportunities to Japan.

'We are better educated, more skilled and more successful'

Aberdeen boasts two world-class universities, making it ideally placed to develop strong links with Japan and Asia.

By extending the education aspects of the strategy, Aberdeen will play a significant role by instilling the workforce of the future with a global outlook and multicultural understanding.

'We take pride in a strong, fair and inclusive national identity'

Both Japan and Scotland enjoy strong national identities born from enviable historic traditions.

Aberdeen has a strong historical connection with Japan, especially the city of Nagasaki, and this interwoven history, once more fully explored and further developed, will underline the important role that Aberdeen and Scotland have played on the world stage.

The story of Aberdeen's powerful contribution will serve to create pride in our citizens, both those born here, and those who choose to live here.

The strategy also seeks to contribute to the Scottish Government's **Economic Strategy**:

'International trade and investment'

Alongside the already existing international partnerships that Aberdeen has successfully developed, the decision to engage more strongly with the third largest economy in the world brings with it the opportunity for businesses in the city to take their product to a diverse and exciting market.

'Supporting business growth'

The Scottish Government seeks to attract strategic inward investment, with a keen interest in promoting Scotland as the destination of choice for low carbon opportunities.

Aberdeen City Council has already achieved much in this field, and by promoting partnership opportunities with a country which has a keen interest in low-carbon, renewable energy, there is a huge potential for business growth.

'Helping small businesses create jobs'

Being a small business is not a barrier to exporting to Japan. Those SMEs with a very high quality product can find a ready market in a country which enjoys a high level of income and an appreciation of high-end products.

'Delivering education that is responsive and aligned to demand'

Japan is keen to increase opportunities for partnership working with international academic institutions. Japan's spending on research and development places it fifth in the Organisation for Economic Co-operation and Development (OECD) and with a mutual interest in both life-sciences and renewables, Aberdeen's universities are well placed for collaborative working with their Japanese counterparts.

There is also a growing interest in social sciences in Japan, for example, with interesting work being conducted into helping disadvantaged young people. This was recently the subject of a seminar at Edinburgh University, where comparative lectures were given on the respective situations in Scotland and Japan.

SCOTLAND AND JAPAN – CURRENT LINKS

Scottish Census

In the 2011 Scottish census, 1,273 advised that they were born in Japan.

Trade and Investment Links

In 2011, Scottish exports to Japan were valued at £365 million and this increased to £440 million in 2012 – a rise of 22% in one year.

According to HMRC, Scotland has a 7% share of UK exports to Japan (*source: HMRC 2013*).

Scottish exports to Japan by value and ranking 2008 – 2012		
Ranking amongst Scottish Export Territories	Year	Export Value
16	2012	440
18	2011	360
18	2010	330
18	2009	275
15	2008	350

(*Source: Global Connections Survey 2012*)

In 2012, Scotland's food and drink* exports to Japan were worth £91.3 million, up around 1% (£601k) on 2011 (* Scotland's 'drink' exports are defined as exports of Scotch whisky from throughout the UK).

A number of Scottish companies have a presence in Japan. These include Royal Bank of Scotland, Aberdeen Asset Management, Wood MacKenzie and Johnstons of Elgin.

Scottish Government ministers have made regular visits to Japan: the Cabinet Secretary for Finance, Employment and Sustainable Growth visited in May 2013 and the Cabinet Secretary for Rural Affairs and the Environment visited in November 2012.

Scottish Links

- 15 GlobalScots – a diverse network of business leaders, entrepreneurs and executives with a connection to Scotland – and a strong desire to see Scottish businesses succeed locally and in the wider world.

- Since 2007 there have been four ministerial visits to Japan where Scottish Development International (SDI) has facilitated engagements.

Japanese companies doing business in Scotland

- Number of businesses in Scotland, with parent registered in Japan: 75 (ranked 9th out of international businesses investing in Scotland).
- Approximate value to the Scottish economy of Japanese investment in Scotland – turnover of £1.1 billion with 5,100 employees in Scotland (ranked 14th out of international businesses investing in Scotland).

Recent Investment Activity

- Over the last five year period investors brought 160 projects into the UK - of these 17 came to Scotland. This equates to an impressive 10.6% of Japan's investment into the UK coming to Scotland, putting Scotland in third position behind London and the North East of England amongst UK nations/regions
 - R&D projects comprise 15.6% of all Japanese projects into the UK (25 out of 160 projects)
 - R&D projects comprise 35.3% of all Japanese projects into Scotland (6 out of 17 projects).

(Source: European Investment Monitor (run by Ernst and Young))

THE UK AND JAPAN

Japan's investment flow to the UK was £8.6bn in 2013, up approximately 15% from £7.5bn in the previous year. It exceeded Japan's investment flow to China. *(Source: Bank of Japan)*

Investment in the UK by Japanese companies in 2012 totalled £33.4bn. This makes the UK the 6th largest investment destination for Japan. Within the EU, the UK ranks second only to the Netherlands as a destination. *(Source: Bank of Japan)*

Japan is ranked as the 8th largest country in the UK Inward Foreign Direct Investment (FDI) Stock, and the number of UK projects involving Japanese companies in the financial year 2012-2013 was 114, a total exceeded only by the US.

There are 921 Japanese companies (including branches and representative offices) in the UK, with around 140,000 jobs resulting from Japanese investment.

“Against the backdrop of the extraordinary history between Aberdeen and Japan—especially the city of Nagasaki—the modern arguments for Aberdeen to pursue an ever-closer and mutually beneficial relationship with Japan are overwhelming”

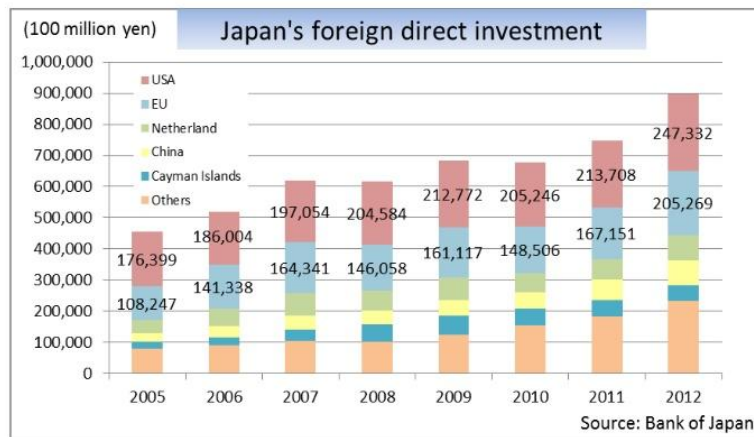
*Mr Alex Johnstone MSP - Scottish Parliament Debate on Aberdeen's Engagement Strategy with Japan
5th June 2014*

THE EU AND JAPAN – FACILITATING TRADE

Investment/Job Contribution by Japanese Companies

EU : No.1 Investor to Japan 68 billion euro(2012)
Japan: No.3 Investor to the EU 144 billion euro(2011)

Source: BOJ(calculated in arbitrated foreign exchange rate by BOJ), Eurostat



Employment by Japanese Companies in Europe

UK	140,705
Germany	59,304
Netherlands	58,227
Belgium	38,226
France	25,319
Italy	21,545
Spain	12,848
Total	+465,000

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The trade relationships between the EU and Japan have been traditionally characterised by big trade surpluses in favour of Japan. Trade figures have become much more balanced in recent years, but Japan continues to be a country where, due to the specific features of Japan's society and economy, doing business or investing is sometimes seen as challenging. To facilitate the trade relationships between the EU and Japan, a number of informal bilateral dialogues have been established.

Key Points:

- Japan is the EU's second biggest trading partner in Asia
- Together, the EU and Japan account for more than a third of the world's GDP
- Japan remains a major trade partner for the EU. Japan is also a major investor in the EU
- Imports from Japan to the EU are dominated by machinery, transport equipment and chemical products
- EU exports to Japan are dominated by machinery and transport equipment, chemical products and agricultural products.

In July 2012, an impact assessment of the future Free Trade Agreement was released, with the EU-Japan Free Trade Agreement negotiations officially launched on 25 March 2013. The continuing negotiations aim at concluding an ambitious and mutually beneficial trade agreement which will lead to economic growth both in the EU and in Japan. A number of EU concerns are currently being addressed, including the non-tariff barriers which European companies encounter in Japan and the further opening of the immense Japanese public procurement market. The target date to conclude negotiations between Japan and the EU is 2015.

For businesses operating in the EU, these negotiations should result in measures including:

- Access to the Japanese government's public procurement contracts worth trillions of yen each year
- Elimination of tariffs on the main export products to Japan.

A HIGHLIGHT OF CURRENT CULTURAL SCOTLAND-JAPAN LINKS

A strategy of this nature, which promotes a relationship with an Asian country, should not operate solely in a sphere of trade and education. Cultural links are extremely important in building a relationship of trust and understanding, and because of this, an overview of current cultural links between Scotland and Japan is included below to demonstrate the holistic nature of our relationship and this information can be called upon when dealing with Japanese partners.

2015

Scottish Ballet plan to take their production of ‘Romeo & Juliet’ on tour in Japan in March 2015, supported by the International Touring Fund. They are working with Scottish Development International colleagues to maximise the impact of the tour.

2014

The Scottish Chamber Orchestra toured Asia in February 2014 and performed three concerts in Japan: Aichi Prefectural Arts Theatre, Nagoya; Hyogo Performing Arts Center, Hyogo-Nishinomiya; Suntory Hall, Tokyo. The tour was supported by £40k from the Scottish Government International Touring Fund.

2013

National Museum of Scotland hosted a Kabuki: Japanese Theatre Prints exhibition October 2013 – February 2014.

October 2013 – there are only three Giant Cantilever cranes still in operation around the world, most of which were manufactured by Sir William Arrol & Co of Glasgow (builders of the Forth Road Bridge). Two of the three are in Japan; one in Nagasaki owned by Mitsubishi Heavy Industries, the other in Sasebo (north of Nagasaki on Kyushu). The latter was one of the biggest Giant Cantilever cranes ever built, with a 250-ton capacity. Although originally commissioned by the Japanese Imperial Navy, it is currently owned by Sasebo Heavy Industries (SSK).

The Sasebo crane commenced service on 20 October 1913 and Historic Scotland assisted SSK with the preparation of a commemorative centenary booklet in 2013. The Japanese Government has included the Nagasaki crane as part of its World Heritage Nomination of 28 Japanese industrial structures.

As the Nagasaki crane is an operational structure and cannot safely be made accessible to the public, the Japanese group behind its nomination is considering employing laser scanning technology to create a 3D digital model from which virtual access and detailed interpretation will be possible. They have invited Historic Scotland to work with them in partnership to deliver this project, and also to consider recording two other operating historic sites at Miike and Yawata, also on Kyushu.

Victoria and Albert at Dundee

A lasting cultural link between Scotland and Japan will be the new Victoria and Albert Museum in Dundee which has been designed by the Japanese architect Kengo Kuma. This world class building will form part of the refurbishment of the Dundee Waterfront forming a cultural hub for the whole of the North-East of Scotland.

Higher Education

“Further cultural exchange between Aberdeen and Japan at both staff and student level can only benefit our internationalisation. The Aberdeen-Japan Strategy provides the unique opportunity to lead collaboration in the 21st century which was started so long ago by Thomas Glover.”

Dr Morag McFadyen, Master of Pharmacy Admission Tutor, School of Pharmacy and Life Sciences – Robert Gordon University

The research relationship between UK and Japan is blossoming. The UK ranks 4th among Japan’s international partners for research collaboration with over 12,000 co-authored papers published in the period 2008-2012. UK-Japanese co-authored research is also high quality, being cited 2.5 times more than the world average.

The universities of Tokyo and Kyoto in Japan enjoy a higher ratio of publications in top journals *Nature* and *Science* than other countries in Asia. Japan’s reputation in life sciences is also much higher than that of China and South Korea and since 2000, 14 Japanese scientists have been awarded Nobel Prizes.

The most recent Japanese-born laureates, who jointly collected the 2014 prize in physics, are Isamu Akasaki, Hiroshi Amano and Shuji Nakamura for their invention of efficient blue light-emitting diodes that enabled bright and energy-saving white light sources.

In 2012, Japan's R&D expenditure started to grow again, rising 1.6% over the previous year to 17.4 trillion yen (US\$165 billion). Of particular relevance to both RGU and UoA, in 2013, the Council for Science and Technology Policy, chaired by Prime Minister Shinzo Abe, called for a dramatic increase in the numbers of female and foreign researchers at Japanese research institutes from 3.9% to 20% by 2020. It also called for total government R&D investment to be secured at 1% of GDP.

The Choshu Project

2013 saw the 150th anniversary of the journey from Japan to the UK by a group of young Samurai who came to be known as the ‘Choshu Five’. The five young men were smuggled out of Japan and endured a particularly harsh voyage, with two of the five arriving in Southampton in June 1863, where they were met by Thomas Blake Glover’s brother James. The story was made into a major film in 2006.

“Involvement in the strategy to promote Aberdeen and Japan collaboration is essential to RGU to continue their interprofessional working with Japanese Universities”

Professor Lesley Diack, School of Pharmacy and Life Sciences – Robert Gordon University



Image: Promotional poster for the film 'Choshu 5'

After returning to Japan, they all made significant contributions to the modernisation of their country. The 'Choshu Five' included Hirobumi Ito, who became Japan's first Prime Minister and is known as 'the Father of parliamentary government in Japan'. The other men were Kaoru Inoue, who became Japan's first Foreign Minister and has been called 'the Father of modern Japanese diplomacy', Yozo Yamao 'the Father of Japanese engineering', Masaru Inoue 'the Father of Japanese railways' and Kinsuke Endo 'the Father of the modern Japanese mint'.

The arrival of the 'Choshu Five' marked the beginning of wide-ranging grassroots interchange between the UK and Japan, and led to more than 150 years of mutually beneficial academic interaction.

Given the high level of importance attached to the achievements of the Choshu Five and the continued esteem in which they are held in Japan, it is recommended that 'The Choshu Project' is a suitable term for the Higher Education section of the Aberdeen–Japan Engagement Strategy, which reflects Aberdeen City Council's vision for increased internationalisation in trade and higher education.

Anglo-Japanese interprofessional collaboration

Since 2011, the two universities in Aberdeen have worked in collaboration with a number of universities in Japan, focusing on the global shortfall in well-educated health workers.

Interprofessional working, education and collaborative practice can provide a solution to address workforce shortages, at a time where health professionals are required to work in increasingly challenging circumstances. Both Scotland and Japan have ageing populations, but different cultural perspectives.

The collaboration entitled: ‘A Scottish and Japanese experience of patient centred interprofessional education’, resulted in experts from Robert Gordon University (RGU), the University of Aberdeen (UoA) and NHS Grampian working with colleagues from Nagoya and Sendai Universities in Japan on two unique healthcare projects over the last three years. Both projects were funded by the Great Britain Sasakawa Foundation which promotes Anglo-Japanese educational exchanges.

Project 1 entitled: ‘Playing games in IPE: A Japanese and Scottish experience’ was presented at the international interprofessional, *All Together Better Health 7*, conference in June 2014 in Pittsburgh, USA.

The second project on diabetes care involved a group of students from RGU and the UoA who participated in a live webinar with students from Nagoya University.

Both groups worked in mixed disciplines to consider scenarios with a diabetic focus. They also interviewed volunteer patients to reflect on their respective geographical and cultural contexts for the study.

As the conclusion of the project coincided with World Diabetes Day, the outside of RGU’s Riverside East building, Nagoya castle and Aberdeen Council’s headquarters at Marischal College were lit up with blue lights on Friday 14 November 2014 to promote diabetes awareness.

Project 3 would compare and contrast Scottish and Japanese experiences of interprofessional working in healthcare issues with an ageing population. This project would involve an observational study on care homes in the North East of Scotland and in the Chubu region of Japan. Nagoya is the largest city in the Chubu region and the capital of Aichi Prefecture.

Prior to the project commencing, the Anglo/Japanese project team would scope the type and number of care homes. This pre-analysis would allow the Anglo/Japanese student research associates to develop interprofessional research tools for use in both countries.

During the project, it is envisaged that two to three healthcare students from Nagoya would visit Aberdeen and a similar number from Aberdeen would visit Nagoya.

A range of activities including visits to care homes and the development of communication skills in Japanese and English would be organised.

The objectives of this project would be to:

- develop the research skills of the students
- promote international interprofessional collaboration
- promote interdisciplinary team working
- enhance communication
- enhance Japanese language skills of the Aberdeen student research associates.

The overarching aim of this project is to develop an understanding of an interdisciplinary approach to care of the elderly.

The different approaches in each country benefit both students and professionals as they learn from each other. The commitment of the universities involved will ensure the continuity of the project and its direction will be guided by the Anglo-Japanese student research associate exchanges.

The findings from this project will be disseminated with an oral presentation in Aberdeen and Nagoya and a publication in a peer reviewed journal. The intention would be for the Aberdeen and Nagoya students to present this research at the international interprofessional All Together Better Health VIII conference in Oxford in June 2016.

It is envisaged that future collaboration between the Anglo-Japanese team would focus on all aspects of care for the elderly, including but not exclusively; Alzheimers and Dementia care and the different approaches used, stroke and rehabilitation and healthcare-acquired infection.

Further Opportunities

The Interprofessional Working Project is an extremely important stepping stone to further collaboration across the spectrum of academic disciplines with Japanese partners. The above project reflects work on challenges which affect both Scottish and Japanese societies, and both RGU and UoA are strongly placed to expand into further areas of mutual interest such as energy.

This of course leads to the prospect of increasing the number of Japanese students coming to Aberdeen either for short courses, exchanges or for full-time degree (undergraduate or postgraduate) studies.

Aiding this is the fact that universities in Japan have been actively developing their programmes for students to study abroad as a result of strict directives from MEXT (Ministry of Education, Culture, Sports, Science and Technology), and the Japanese Government's 2010 New Growth Strategy.

This not only seeks to send 300,000 young people for foreign study and cultural exchange trips, it also aims to attract the same number of foreign students to visit Japan by 2020.

Although universities already offer language courses for foreign students coming to study, both RGU and UoA could tap into the Language Business market, which in 2013 grew to be worth an estimated £4.7bn, and attracted over 81,000 Japanese students to the UK.

For the Japanese, having English language and cultural skills is increasingly being seen as essential to a career, and there is therefore an opportunity for Aberdeen institutions to meet this need with a high quality offering, backed by world-class reputations.

This is achievable in the short to medium term, but the sector may well grow in the longer term as the 2019 Rugby World Cup and the 2020 Tokyo Olympic Games draw closer.

Apart from health and wellbeing, further collaboration opportunities have been identified as:

- Environment
- Food security
- Energy
- Innovation and design.

It is also recommended that Aberdeen's higher education institutions build further connections with:

- Japan Society for the Promotion of Science (equivalent of the UK Research Councils) through their London office
- Science attaché at the Japanese Embassy in London
- UK Science and Innovation Network teams in Tokyo and Osaka
- British Council offices in Edinburgh and Tokyo
- Daiwa Anglo-Japanese Foundation.

Many of these organisations are already overseeing projects to build collaborative R&D and education programmes between the UK and Japan.

Ensuring that Aberdeen institutions are involved as part of broader consortia is the logical first step in developing and strengthening Aberdeen's academic connections with Japan. This would not prevent bilateral relationships between Aberdeen's universities and partners in Japan being established in the future, but would be a good place to make contact, raise Aberdeen's profile and explore opportunities before making deeper commitments.

Funding Opportunities

Achieving funding for collaborative work is always challenging, but quite a number of funds targeted toward UK/Japanese research exist.

They include, but are not restricted to:

- Japan Partnering Awards (JPA)
- BBSRC David Phillips Scholarship
- BBSRC International Workshops
- BBSRC International Scientific Interchange Scheme

- Royal Society International Joint Project Programme
- Royal Academy of Engineering
- Royal Academy of Engineering International Travel Grants
- TEPCO Memorial Foundation
- Newton International Fellowships
- Royal Society of Edinburgh
- The British Academy
- Sasakawa Foundation.

It should be noted that some schemes are administered in the UK, some are administered in Japan and others are administered jointly.

ABERDEEN-JAPAN FESTIVAL

It has previously been proposed to have a week-long celebration of the connections between Aberdeen and Japan.

Where this has been done elsewhere it has proved to be extremely popular, and brought dividends to the local university and the local economy.

It is suggested therefore that over the two year period of this strategy, Aberdeen City Council, along with principal partners, hold an annual ‘Aberdeen-Japan Festival’ to celebrate Japanese culture, and the past, present and future connections between Aberdeen and Japan.

It is envisaged that the city’s universities play a key role in this project which, for them, could contribute to a future increase in students coming to study from Japan, and enhance the opportunities for collaborative working.

For funding reasons, this might necessitate setting up an arms-length committee to organise, but a suggested programme might include:

- Lecture on notable Scottish individuals who have contributed to Japan
- Japanese Calligraphy workshops
- Taiko drumming
- Lectures on the Japanese economy and doing business in Japan
- Japanese language taster sessions
- Lectures on energy policies in Japan
- Screening of Japanese films
- Sake tasting and lecture on sake history and production
- Scottish-Japanese comparative whisky tasting
- Traditional Japanese cuisine tasting/Sushi making demonstration
- Japanese art exhibition (modern & traditional)
- Demonstration of the famous tea ceremony
- Rare opportunity to hear a recital of the traditional Japanese instrument the Koto
- Japanese martial arts demonstration
- Origami workshop/demonstration.

Mikata Associates has experience of organising a number of Japan-related cultural events and the sample programme above gives a broad spectrum of activities of interest to all audiences.

Given the run-in time required to complete the programme to a high standard, it is suggested that the first Aberdeen-Japan Festival would take place in Autumn 2015, utilising a mix of both university campuses and public buildings.

TRADE AND INWARD INVESTMENT

Mikata Associates recommends that Thomas Blake Glover, who remains widely known in Japan, is used as the figurehead for the trade and investment section of the strategy.

On 21 December 1911, Thomas Blake Glover was laid to rest in Nagasaki, Japan. His funeral was attended by senior Japanese government officials, foreign diplomats and an envoy from the Emperor, and the city held an official day of mourning. How did a man of middle-class origins in Aberdeen rise to this prominence?

In 1633, Japan had instituted a foreign policy of “sakoku”, preventing Japanese from leaving the country and foreigners from entering it.

By the mid eighteenth century, the policy was crumbling under pressure from Western governments keen to trade with the country, and Japan reluctantly opened its doors to foreign traders on 1 July 1859.

The government of Japan or “Shogunate” was hostile to what they perceived as a western invasion, but in turn, they were opposed by growing numbers of rebel samurai based in the south of the country.

Into this turbulent atmosphere came entrepreneurs and traders, including Thomas Blake Glover, only 21 years of age when he arrived in Japan on September 1859. Born on 8 June 1838, Glover was the fifth son of the local coastguard and grew up in Fraserburgh and Bridge of Don. As a young man, he worked briefly as a shipping clerk in Aberdeen, before departing first for Shanghai in November 1857 as a ‘resourceful and capable’ employee of Jardine Matheson – a trading conglomerate that was based in China but founded by Scots – and then Nagasaki.

He initially traded in silk, tea and opium before moving into markets and foreign exchanges. In June 1861, less than two years after his arrival in the country, he was appointed as Jardine Matheson’s chief agent in Nagasaki.

Crucially, Glover also began to liaise with the rebel samurai clans of Satsuma and Choshu. The samurai wished to restore rule by the Emperor but were more open to trading opportunities than the Shogunate, realising that only by opening up to modern techniques, armaments and warships, could they modernise and strengthen Japan against further threats from the western colonial powers. Their aim was to combine “Western techniques with Eastern values”.

Glover saw that a new government, keen to learn from the west, could open up enormous new trading possibilities and began to actively support the rebels in three ways; armaments, education and diplomacy.

1 In 1863, he began to sell arms to the rebel samurai, importing huge quantities of rifles from Shanghai – an act which broke trade laws and was contrary to Britain’s treaty with the Japanese government. He then brokered the construction of Japan’s first modern warships – the Ho Sho Maru, the Jho Sho Maru and the Wen Yu Maru – to be built by Hall Russell of Aberdeen and managed by Glover & Co in Aberdeen.

- 2 He encouraged the Foreign Office to recognise the declining power of the Shogunate and move Britain closer to support of the rebel clans, gaining the support of the British Consul in Nagasaki and peers such as Lord Spencer, whom he entertained on a visit to Nagasaki.
- 3 He supported high-ranking groups of samurai on fact-finding missions to the UK, arranging for his brother James to meet one group on arrival in Southampton, another to stay at the Glover family home in Braehead, Aberdeen and yet others to follow and study in Aberdeen. Of these groups, known as the “Choshu Five” and “Satsuma Nineteen”, two samurai would later become Japan’s first Prime Minister and Foreign Minister, as well as lifelong friends and allies of Glover.

By January 1868, the Shogunate had ended and the rebel samurai became the new government of Japan.

With the change of government, Glover began to diversify. In 1867, he returned to Aberdeen to consult over the construction of a slipway to be built in Aberdeen and transported in pieces to Nagasaki.

The success of this project allowed the Japanese to work on ships in the water for the first time, and it was purchased by the new Meiji government in late 1869. He foresaw the need for a new national currency and invested in machinery for a new mint. In later years, he would co-found the Japan Brewery Company with the aim of creating quality home-brewed beer in Japan, becoming head of the company in 1894.

He invested in the Takashima coal mine which, although initially disastrous for him – he was made bankrupt – eventually saw his forecasts for coal production come true. It was bought over by Mitsubishi who, impressed by his hard work and dedication, would keep him on as a manager.

Glover had been central to Mitsubishi’s early expansion through his brokering of the three great warships and the Kosuge slipway, and the next stage of Glover’s life now began, with Mitsubishi employing him as a consultant to the firm, advising on arms, ships, trade relations, the Kosuge slipway, shipyards and coal production.

In 1881, Glover was appointed as Portuguese Deputy Consul in Nagasaki – a nod to his increased interest in diplomatic affairs and his talent in connecting and networking. He served as Consul until 1887.

Additionally, he started to support the renegotiation of the unfair Ansei Treaties which had been forced on Japan earlier that century, supporting Japan’s fight to be recognised as an equal by the Western nations. He helped to broker the eventual Anglo-Japanese Alliance that was signed in January 1902, serving as a bridge between the two countries and creating an alliance that would continue up to and beyond the First World War.

In 1908, Glover’s achievements were honoured by the Japanese Government when he was awarded the Order of the Rising Sun, the country’s second most prestigious national award. He was the first foreign national to be decorated in this way, and the twenty pages of achievements listed in the recommendation to the emperor include his industrial innovations and diplomatic work.

The Glover Club

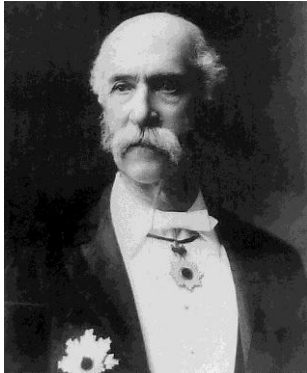


Image: Thomas Blake Glover wearing the Order of the Rising Sun

The Glover Club will be an informal arrangement acting as a focal point for Aberdeen businesses that are expanding, or aspire to expand into Japan, as well as businesses from Japan who wish to invest in Aberdeen. Because of the overlapping nature of this strategy, representatives from academia might also wish to participate in this as well as the Choshu project.

In order to maximise the potential of *The Glover Club*, it is proposed to:

Raise Awareness and Ambition

Issue press releases highlighting the strategy, the opportunities that exist in Japan, and progress reports.

Create a web-based presence which acts as a ‘one-stop-shop’ for businesses seeking advice on the Council’s engagement programme with Japan and information on membership.

Hold a programme of events, including panel discussions, on Japanese economics, politics and society.

Encourage participation by Aberdeen-based companies in Japan-focussed events both elsewhere in Scotland and the UK.

Promote participation in relevant Scottish Enterprise/Scottish Development International subject-specific webinars and other relevant activities. Following discussions with SE Japan, if *The Glover Club* meets in one location, perhaps Glover House, to participate in a webinar, SE will extend the webinar exclusively for the Aberdeen businesses.

Hold briefing events in Aberdeen by Scottish Development International (SDI), United Kingdom Trade & Industry (UKTI), Japan External Trade Organisation (JETRO) and the Japan Society for the Promotion of Science (JSPS).

Encourage Aberdeen Firms to Visit Japan

In order to minimise cost, liaise with SDI, UKTI, AGCC and EU-Japan Centre on planned and potential trade visits to Japan, encouraging companies to join sector-specific missions where relevant.

Explore the potential for a trade mission specifically for Aberdeen companies and organisations, with support from SDI, UKTI and AGCC.

ENERGY

Renewable energy is of course high on the agenda both in Scotland and Japan, presenting further opportunities.

Although there is keen interest in hydrogen, solar and offshore wind technology especially, challenges remain. For example, five utility companies announced that they would stop accepting new applications for the purchase of electricity from renewable energy due to fears of power transmission capacity shortages, whilst one utility company, Kyushu Electric Power, has suspended the purchase of solar and wind power. It must also be noted that Japan's nuclear reactors are to be restarted gradually following the earthquakes and tsunami of 2011. This is being done to reduce reliance on imported energy and thereby also boost the economy.

There remains a strong commitment to renewable energy, and opportunities exist for Aberdeen energy firms to expand into Japan, especially, for example, as the licensing of offshore wind farms is a lengthy process in Japan, and is subject to objections from the powerful fishing lobby. Research and Development could therefore do well in this area and supply chain opportunities also exist.

Mikata Associates are aware of the ongoing work to bring hydrogen buses to Aberdeen, but the use of hydrogen as fuel in a domestic or industrial setting in Japan is not as advanced as might be thought, with the first 'hydrogen town' being the Tokyo Olympic Village scheduled for opening in 2020. Attempts to construct urban hydrogen production plants have also met with fierce opposition from nearby residents amid safety concerns.

That said, some 100,000 homes in Japan are fuelled by hydrogen units which are around the size of a refrigerator and the Japanese government's target is for units to be installed in 5.3 million households by 2030. However, their high costs, around \$16,700 per unit, are prohibitive to most Japanese, despite a government subsidy of \$2,970 per unit. For the government to achieve their goal, then significant cost reduction, among other things, would have to be delivered.

For the life of this two year strategy, Mikata Associates therefore advocates the pursuit of research and development, perhaps funded by private equity sponsorship, whilst at the same time working with Japanese energy firms to accelerate the use of renewable energy technology in both countries.

Potential Energy Hub

Perhaps the most exciting prospect to come from compiling this strategy is the potential for Aberdeen to work more closely with Scottish Enterprise Japan to create an Energy Hub or Platform in Aberdeen with Japanese firms. From discussions, this Hub would also consist of traditional and renewable energy projects and close liaison with academic institutions.

Mikata Associates have promoted Aberdeen as the ideal location for this project and success in attracting this Hub to Aberdeen could bring exceptional rewards. However, there are also counter arguments for locating the Hub in the Central Belt.

Crucially, the establishment of an Energy Hub in Aberdeen would be complemented by a more formal approach to renewable energy research that is emerging in Japan. In 2012, the European Marine Energy Centre Ltd (EMEC) signed a memorandum of understanding with Ocean Energy Association of Japan (OEAJ) to provide advice and support in the development of what will become their Japanese equivalent – the Japan Marine Energy Centre or ‘JMEC’. Significantly, leading the way from the Japanese side is Nagasaki Prefecture, with whom Aberdeen already has strong ties.

It is important therefore that Aberdeen City Council continues its work in promoting a closer relationship with Japanese firms working in the offshore wind sector. Key firms to engage with in this area are Fukushima Offshore Wind Consortium, Fuji Denko, Fujikura Electric Mitsui Ocean Development and Engineering and the Japan Steel Works.

It is recommended that Aberdeen City Council capitalises on its existing relationship with Nagasaki to promote Aberdeen based businesses as contributors to the process of delivering renewable energy in the form of wind and hydrogen.

With regard to wind power, this would certainly include those with a manufacturing capability, or those with expertise or components, but there are also opportunities for transport firms based in Aberdeen, with one of the manufacturing bases has been established on the Isle of Wight.

With hydrogen, the strength of Aberdeen’s universities ability to deliver strong results in this field cannot be overstated, and a combination of R&D with Japanese universities could see progress made in reducing the costs of domestic hydrogen units for the Asian and European markets.

Mikata Associates recommends that resources are dedicated to establishing a more formal role for Aberdeen in the renewables sector burgeoning between EMEC and JMEC in order to maintain the city’s ‘Energy Capital’ title.

This will require close engagement with UKTI Japan and Scottish Enterprise Japan. Both of these organisations have already been extremely helpful in putting this strategy together.

Business Opportunities in Japan

Several Aberdeen based companies, and companies with a presence in Aberdeen, have expressed an interest in increasing trade with Japan across a number of sectors. Such is the interest that everything from a gin distiller to a satellite component manufacturer have been seeking inclusion. Many of those not wholly based in Aberdeen are also looking to increase their presence in the city, partly as a result of the opportunities that this strategy delivers.

From an energy perspective, the discovery of substantial quantities of minerals on the seabed off the coastline of Japan presents high quality business opportunities for Remotely Operated Vehicle (ROV) operators and manufacturers, allowing them to simply harvest the minerals from the seabed, rather than requiring traditional drilling.

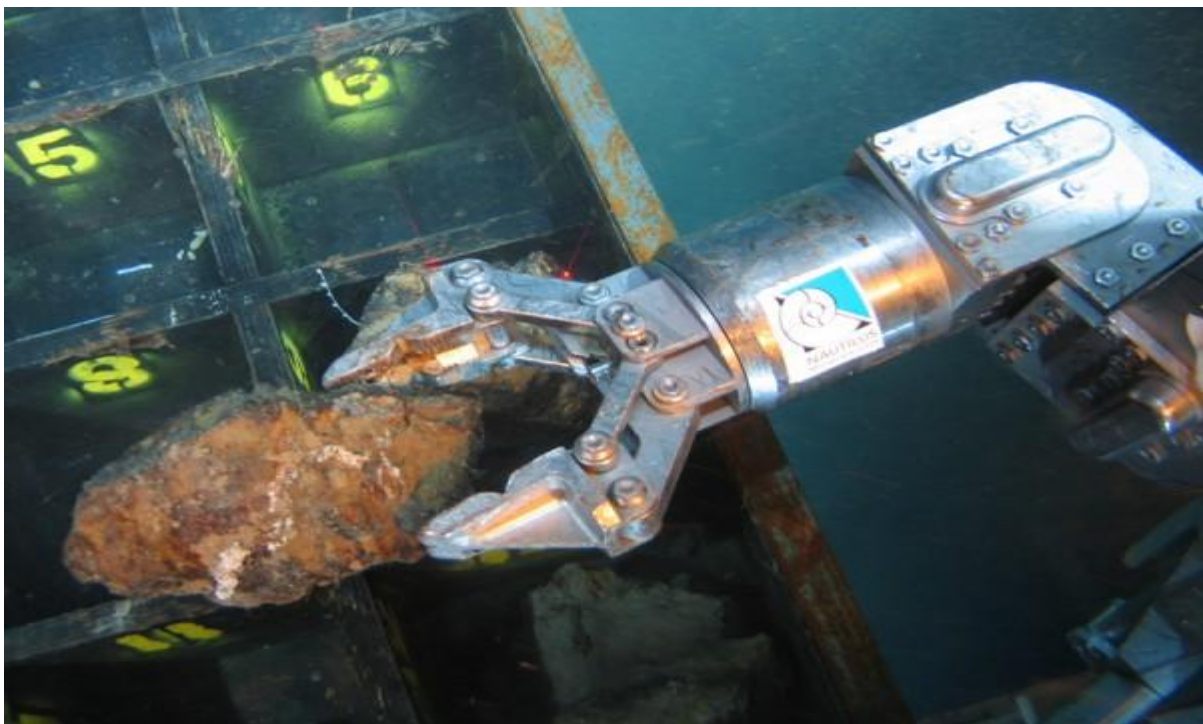


Image: ROV harvesting a nodule from the seabed.

Seabed harvesting is not the only significant subsea opportunity for Aberdeen energy firms. Vast reserves of rare earth metals, crucial for hi tech industries producing everything from TVs and I pads to defence products, have been discovered just two to four metres from the seabed surface in Japanese waters.

These vital materials are high quality and relatively easy to mine, although retrieving them is not without environmental concerns.

The risk of scarcity [in rare earth metals] is expected to rise significantly, leading to supply instability and potential disruptions in the next five years, but this also creates opportunities for competitive advantage.

Minerals and metals scarcity in manufacturing: the ticking time bomb

Several firms are ideally placed to take advantage of this, especially in light of the fact that existing technology can be used

Although a trade delegation from this sector went to Japan last year, it is recommended that Aberdeen City Council consider organising a further delegation in 2015.

The firms below could benefit from this, and related opportunities, and some have already expressed a specific interest in expanding their operations into Japan:

Bowtech

Bowtech design, manufacture and supply products into the Subsea and Marine, ROV AUV (Autonomous Underwater Vehicle), Oil and Gas, Defence, Nuclear, Oceanographic and Research, Leisure and Marine Science industries. Their cameras, lights, inspection and monitoring systems, as well as other products suitable for nuclear and defence industries, could be of significant interest to the Japanese market.

Tritech

Tritech operates in many professional underwater markets, including; Defence, Energy, Engineering, Survey and Underwater Vehicles. Their products also span a considerable range of uses including renewable energy, defence, survey as well as search and rescue.

Nautronix

Nautronix offer a range of marine technology solutions, but their offshore positioning systems, subsea wireless controls, vessel systems and survey services deliver products that could do well in the emerging Japanese market.

Jee Engineering

Jee Engineering is an independent, multi-discipline subsea engineering and training firm. There would be opportunities for their analysis, subsea controls and design services in Japan, as well as their cables and training programmes.

Global Energy Services

Based in Aberdeen, but with several other companies within the group, Global Energy Services has extensive experience in design, survey, project management, fabrication and inspection.

Wind turbines, for example, require considerable levels of inspection and the 2000 'installation boom' of offshore wind turbines means the need for maintenance is expected to expand in Japan.

Their comprehensive range of services, along with their facilities elsewhere in Scotland, is of value not only for companies within Japan, but Japanese companies moving into the UK renewable sector.

Subsea 7

Offers a comprehensive service in seabed to surface engineering and construction to the offshore industry. Their extensive experience would be valuable to the Japanese market.

Balmoral Offshore Engineering

Balmoral Offshore Engineering provide subsurface buoyancy and insulation services that may be well suited to the natural conditions in Japan.

Petrofac

Well known training providers who may find a role in the emerging Japanese offshore energy sector.

Wood Group

Wood Group have been involved in renewables projects around the world, and already have extensive experience in wind turbine installation and commissioning.

The services offered by the above firms would be of interest to Japanese organisations currently involved in the offshore energy sector.

Some of the principal organisations currently involved are:

- Marubeni Corporation
- Mitsui Engineering & Shipbuilding
- Nippon Steel & Sumitomo Metal Corporation
- Hitachi
- Furukawa Electric
- Shimizu Corporation
- Mizuho Information and Research Institute
- University of Tokyo

The Japan Agency for Marine-Earth Science and Technology and the University of Tokyo confirmed the discovery of a “huge new deposit” on the Pacific seabed, claiming the “deposit can be mined at very low cost and will be able to produce materials that are 20 to 30 times more concentrated than those currently being mined in China.”

Robotics Business Review – May 12 2014

Other Opportunities

Opportunities exist for other firms outside of the energy sector to engage with Japan. The following firms have an interest in Japan and a presence in Aberdeen, but are not wholly based in the city. They have requested not to be identified at this time, but their details are available on request:

- 1 A prosthetics company with world-leading bionic technology as well as passive prosthetics
- 2 A company dealing in corporate sporting hospitality (rugby/Olympics)
- 3 Voice biometrics Speaker Identity System (used in healthcare, government agencies, mobile apps etc)
- 4 A Scottish Gin distillery
- 5 A high quality whisky distillery
- 6 Providers of exhibition display pods
- 7 Electric Vehicle Battery Optimisation System
- 8 Patented system to transport crustaceans
- 9 Cooling system for satellites.

CASE STUDY

Mikata Associates has liaised with one of the universities in Aberdeen that has demonstrated a strong track record in life sciences. The university will now be engaging with the prosthetics company above, and a university in Japan, in order to do a joint research project with potential funding from one of the private equity firms.

A careful examination of Japanese organisations has identified the following businesses as complementary to the firms listed above. They are listed in the same order as Scottish firms:

- 1 Japanese Academy of Prosthetists and Orthotists
- 2 International Rugby Board/Olympic 'Tokyo 2020'
- 3 Japanese Government/Telecommunication Firms ie Au, EMOBILE, KDDI etc
- 4 High volume/quality retailers via UKTI
- 5 High volume/quality retailers via UKTI
- 6 There are a considerable number of international level convention centres in Japan
- 7 Nissan, Toyota and Mitsubishi among others
- 8 Acta Co. Ltd, Gensei Global Co. Ltd, Koyo Trading Ltd
- 9 Mitsubishi Electric.

Inward Investment

Mikata Associates have consulted extensively with contacts in Japan, especially Scottish Enterprise Japan. The following Japanese companies have not only expressed interest in Scotland, but will be in Aberdeen in February 2015:

- Mitsubishi Heavy Industries
- JGC (Nikki)
- Kawasaki Heavy Industry
- Mitsui Engineering & Shipbuilding
- Easy-Measure
- CIGS
- University of Tokyo
- JISEDAI

Funding Opportunities

As with the academic section of this strategy, funding opportunities do exist which could assist Aberdeen firms realise their expansion ambitions:

- Scottish Loan Fund
- Scottish Enterprise R&D Grant
- SMART Scotland
- East of Scotland Investment Fund
- Scottish Venture Fund
- Scottish Co-Investment Fund.

Mikata Associates also met with several investment firms who expressed an interest in the strategy and the potential for investment in Japan related projects.

“I am pleased at the progress to date with regard to the Japanese collaboration initiative and it is particularly gratifying to note that the project carries the support of Aberdeen City Council. My Platinum Global Resources colleagues and I are looking forward to working even more closely with both you and the Council to deliver the specific opportunities identified and hopefully many more.”

Mr Graham Langley, Director, Platinum Global Resources Ltd, Aberdeen

WHISKY & SAKE

At the start of this project, Mikata Associates approached Scottish Enterprise in Japan to discuss the possibility of introducing a high quality whisky bearing the name of Aberdeen and/or Thomas Blake Glover to the Japanese market. This would also present the opportunity to highlight Aberdeen and its historical links with Japan via the packaging.

The suggestion brought an enthusiastic response, and it is proposed to take this project forward and exhibit the finished product at the regular food and drink Expos in Japan which will make it accessible to buyers from major retailers. This brings with it the opportunity for Aberdeen City Council Elected Members and Officers to promote an extremely high quality product directly to a market which values an authentic product with a defined pedigree.

In contrast to whisky, Japan's national drink is Sake. Sake is a drink fermented from rice, which technically makes it more of a beer than a wine, however it is drunk as wine and has an alcohol content generally between 15% and 17%. Sake is not carbonated, and with regard to flavour it is closer to wine than beer.

Sake producers are actively targeting the export market, and this offers the opportunity to have a fine commemorative Sake commissioned for Aberdeen. This would be of interest to the several Japanese restaurants in the city, as well as visitors, students and collectors.

It is worth bearing in mind that one small wine shop in St Andrews sells around seven different brands of Sake, suggesting that a market for Sake, especially in 'university towns' exists.

During celebrations, Sake is normally drunk from a wooden 'cup' known as a masu, although ceramic and glass Sake cups are generally used for day-to-day drinking. In Japan, a masu also doubles as a rice measure, and can be branded with a company logo or message.

The commission of a run of corporate Sake cups would be a distinctive way for Aberdeen City Council to celebrate the revitalisation of the city's link with Japan.

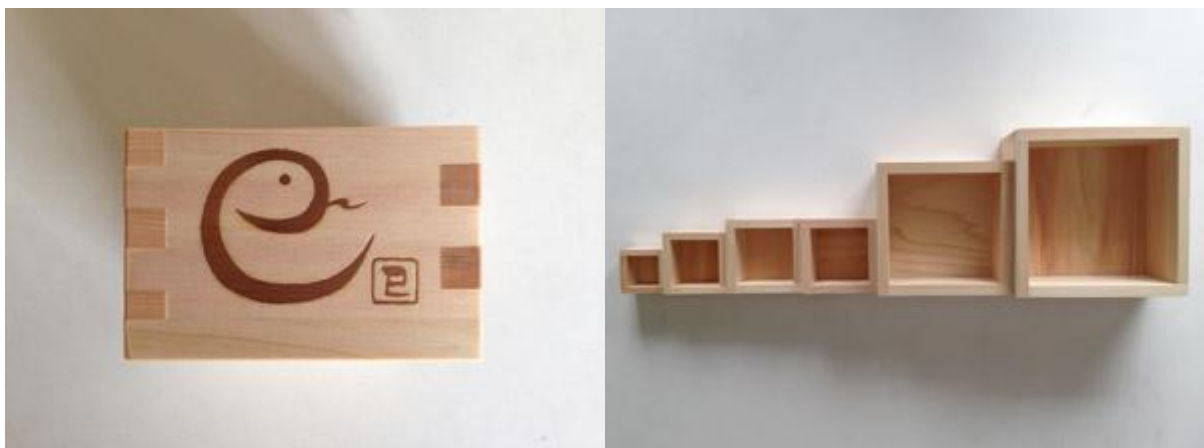


Image: Examples of masu

TOURISM FROM JAPAN – POTENTIAL FOR ABERDEEN?

As previously stated, there are 11,000 seats available on flights to the UK from Japan per week. With such easy access, especially with an airport in Aberdeen, it is considered worthwhile to examine the available data to evaluate the tourism potential for Aberdeen from Japan.

For the UK as a whole, Japan ranks 29th out the top 50 markets by volume of visits in 2013. This puts Japan ahead of other Asian countries including China, Hong Kong and Singapore. Visitors from Japan spent 2,191 nights in the UK in 2013, spending £208m.

The projections for visits to the UK from Japan suggest a modest increase in visitor numbers between now and 2020.

From a Scottish perspective, the International Passenger Survey issued by the Office for National Statistics provides useful data for 2002 – 2013. However, caution must be exercised as the small sample sizes in some years means the data is occasionally unreliable.

The last year where the sample sizes give an acceptable level of reliability is 2009. This shows that there were 14,000 total visits to Scotland from Japan, with visitors spending 94,000 nights here and a total expenditure of £12m.

A list of nineteen sought after activities for Japanese visitors to Britain included a number of Scottish elements:

- Spending a night in a Scottish castle
- Going on a whisky tour in a Scottish distillery
- Looking for the Loch Ness monster
- Celebrating Hogmanay in Edinburgh
- Going to the Highland Games in Inverness.

Scotland was also included in a series of ‘iconic images’, although not all were uniquely Scottish:

- Scottish Castle
- Stone Cottages
- Countryside
- Fish and Chips.

With regard to activities to undertake while here, it should be borne in mind that some activities are more popular depending on the reason for the stay. For example, those Visiting Friends and Relatives (VFR) are less likely to dine in restaurants than those on holiday, but they are more likely to go to a pub or nightclub. This information is important if Aberdeen seeks to pursue a particular market segment.

Shopping is a popular past time for Japanese visitors, and gift giving is an extremely important aspect of Japanese society. Business visitors from Japan are approximately twice as likely to go shopping than Business visitors from elsewhere, while 60%-65% of those VFR and on holiday from Japan were also likely to go shopping.

THE JAPANESE CONSUMER

Leisure travellers from Japan prefer to stay in 3star or higher hotels. Women in their 20s and 30s prefer 4 or 5 star hotels, whilst student visitors prefer more budget accommodation.

As a brief outline, Aberdeen accommodation providers pursuing the Japanese market should bear in mind the following:

- Standards in Japan are high, and this sets the bar for Japanese consumers
- Consumers have a high attention to detail
- Punctuality is crucial
- It is appropriate to escort a guest to the door when they leave
- It would be courteous to provide hand sanitizing equipment in reception areas and rooms
- Like all visitors, Japanese guests expect prompt, polite service
- The Japanese consumer is sophisticated and discerning

What Does This Mean for Aberdeen?

A detailed examination of the available data suggests that there is room to increase visitor numbers from Japan to Aberdeen, especially as part of the wider Aberdeen–Japan Engagement Strategy.

With the focus of the Strategy on business and higher education, this means that travel trade partners can tailor their product to the market segments most likely to be attracted to Aberdeen.

Support could be given to the travel trade to allow them to work with Japanese clients. Such support could include basic language lessons and courses in etiquette and meeting the expectations of Japanese clients.

With an estimated 2,350 golf courses and almost nine million golfers in Japan, a more sophisticated offering could include opportunities to play a round of golf on one or more of the prestigious north east courses. Taking into account other statistics, providing a tour of a distillery or other leisure activity has also been identified as attractive to visitors from Japan.

If the City chose to expand its campaign to appeal to a wider audience, it should be borne in mind that the majority of visitors from Japan to the UK originate from the Greater Tokyo area, so any resource expended in promoting Aberdeen as a destination should be focussed in this region.

History, culture and tourism all offer common ground. However, there are also links between our industrial economies, which are of great importance to Aberdeen and Japan.

*Mr Lewis Macdonald MSP - Scottish Parliament Debate on Aberdeen's Engagement Strategy with Japan
5th June 2014*

Glover House

Glover House was outwith the remit of this strategy, as work was already ongoing on its future use.

However, Mikata Associates understands from discussions with Aberdeen City Council that progress is being made. Mikata Associates recommends that Glover House would be a highly suitable venue for activities by the proposed Glover Club and Choshu Project and there is already keen interest from the higher education sector in Aberdeen. It is felt that using Glover House in this way would be a positive reflection on the role that Glover's house in Nagasaki, called *Ipponmatsu* (translated as 'Single Pine Tree'), played as being a focal point for meetings.

RUGBY WORLD CUP 2019 – TOKYO OLYMPICS & PARALYMPICS 2020

“even though 2019 and 2020 are a while off yet, British firms’ experience shows that now is the time to start making plans”.

Tim Hitchens – UK Ambassador to Japan

Initial analysis by UKTI suggests that businesses operating in the following areas might be well placed to bid for contracts in this prestigious area:

- Safety and Security
- Cyber Security
- Sustainability and Low Carbon technology
- Broadcasting and communications
- Design – from architecture to fashion
- Training and consultancy services.

Aberdeen businesses could look to the London Olympic Games for examples of the kinds of contracts that were available, with a view to examining the services they provide and the potential for their own involvement.

RISKS

Having closely examined all potential risks, it is considered that there are no immediate or significant risks associated with this strategy.

This is due to the fact that economic forecasts remain positive, the diplomatic relationship between the Scottish, UK and Japanese Governments remain warm, and Japanese firms and universities are actively seeking trade and collaborative opportunities outwith Japan. The recent 'snap' election also suggests political stability and continued support for Prime Minister Abe's economic programme.

ACTION PLAN

Action

Raise awareness of the Aberdeen-Japan Engagement Strategy and promote Japan as a market for Aberdeen businesses.

Activity

Instigate PR Campaign – begin with official launch of the Strategy followed by regular updates.

Target

Minimum bi-monthly press releases/photo opportunities.

Responsibility

PR Department

Funding

Within existing resource

Activity

Organise *Glover Club* for businesses interested in trading with Japan

Target

Attract a minimum of 15 businesses to join within the first quarter

Responsibility

Economic and Business Development

Funding

Existing resource

Activity

Organise visits by key speakers to *The Glover Club*

Target

6-8 Presentations per year

Responsibility

International Team with Asia-Scotland Institute & Scottish Enterprise

Funding

Minimum outlay/existing resource

Activity

Identify business opportunities in Japan and contact relevant businesses

Target

Minimum of 10 opportunities per year

Responsibility

Economic and Business Development

Funding

Existing resource

Activity

Ensure Economic and Business Development staff are knowledgeable on Japan to support Aberdeen businesses who wish to trade with Japan

Target

2-3 officers

Responsibility

Economic and Business Development

Funding

Existing resource

Activity

Encourage attendance at sector-specific trade events in Japan

Target

Dependent on specific numbers of trade events/businesses in the sector

Responsibility

Economic and Business Development along with key partners

Funding

External funding sources/introduce specific grants circa £10k per annum

Activity

Develop a Japan Festival

Target

First festival to be held in Autumn 2015

Responsibility

Aberdeen City Council and range of partners/arms-length organisation

Funding

Range of funding sources including sponsorship

Activity

Promote Aberdeen to Japanese Visitors

Target

Increase visitor numbers from Japan

Responsibility

Aberdeen City Council with VisitAberdeen & VisitScotland

Funding

Within current resources

Activity

Identify and export a high quality whisky to Japan

Target

Promote Aberdeen and its links with Glover

Responsibility

Aberdeen City Council/Third Party with key partners such as Scotch Whisky Association

Funding

Identify private sector investors

Activity

Introduce an Aberdeen/Glover branded Sake and Sake cups to Scotland/Japan

Target

Promote Aberdeen's relationship with Japan

Responsibility

Aberdeen City Council/Third Party

Funding

Identify private sector investors

Activity

Assign lead officer to engage strongly with UKTI, Scottish Enterprise Japan, EMEC and JMEC

Target

Further secure Aberdeen as an Energy Capital

Responsibility

Aberdeen City Council

Funding

Existing Resource

Action Points

Mikata Associates recommends the following action points:

Identify Council Officer to lead on implementing the strategy, and ensure relevant training is provided.

Organise a launch event to signal the beginning of the strategy being put into action by Aberdeen City Council, with the Consul General of Japan as the guest of honour. Maximise media coverage to raise awareness of the strategy to the business community and highlight the Glover Club/Choshu Project.

This event might also include a factory tour or visit to one of the businesses seeking to trade with Japan.

Engage strongly with UKTI, Scottish Enterprise Japan, EMEC and JMEC to further secure a role in the offshore renewable energy sector.

Encourage sector-specific SMEs to form clusters in order to minimise export related administration costs.

Identify lead individual to greet representatives of Japanese companies coming to Aberdeen for SubSea Expo in February 2015. Liaise with Scottish Enterprise Japan on this action point.

Work with the Japan Local Government Centre in London to organise a visit programme for their Assistant Directors in February/March 2015 – including themes on energy and conferences/exhibitions.

Working with key partners such as the AGCC, carry out further work, perhaps as part of a wider questionnaire to identify other businesses who, with appropriate support, would like to engage with the Japanese market.

With the Asia-Scotland Institute, formulate a calendar of speakers to address the Glover Club/Choshu Project in 2015 and 2016. Prepare press releases prior to and after each event.

If Aberdeen City Council chooses to proceed with the Japan Festival as outlined, assist third party individuals to form a properly constituted organisation to lead on the project, identify funding and begin organising the festival for autumn 2015.

Work with Robert Gordon University and the University of Aberdeen to identify key contacts for their collaborations with Japanese institutions for the Choshu Project. Engage with, and support this work, especially with regard to potential private sector investors.

Work with Choshu Project members to maximise publicity for their work with Japan and encourage further collaboration.

Identify trade-specific opportunities to join delegations visiting Japan and assist businesses to participate. If necessary, organise trade visits.