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Perspectives on Japan's openness to the world in 2014

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ÉDITORIAL

The number and nature of published in large-circulation magazines have grown significantly in importance in the last fifteen years. They now cover a multiplicity of topics and are structured around criteria ranging from gross domestic product and the quality of education dispensed by the leading higher education establishments (the Shanghai Ranking) to more abstract notions such as competitiveness and urban standards of living (e.g. the Economist Intelligence Unit's Liveability Ranking). This proliferation of league tables classifying the workings of the world can also be used for measuring the international influence of countries, organizations and even individuals (examples of the latter are the various "most influential personality of the year" rankings) beyond the merely economic perspective.

Many commentators view Japan's slippage in the rankings and the indicators expressing the country's openness and attractiveness to be indicative of its prolonged economic and demographic decline, and the risk of marginalization now faced by the country.

But these comparative indexes also suggest that Japan's "decline" is far from being a homogeneous process: depending on the topic, the country's position in the various international rankings is either falling, rising¹, or staying the same (in absolute or relative terms). For instance, the number of Japanese students spending a year abroad has been falling, in absolute terms, for the last ten years. But Japan's slippage in the annual ranking established by the World Economic Forum in 2013 on gender inequalities by country (the Global Gender Gap Index) is relative: the country's fall to 105th place is to be explained not so much by an exacerbation in average salary disparities between men and women but rather by the rapid ascent of women in the workplace in many emerging countries.

However we choose to criticize the methods used in drawing up these rankings, their publication does nevertheless drive promises of reforms, the implementation of measures,

¹ The Most Liveable Cities Index published by *Monocle* includes no fewer than three Japanese cities (Tokyo, Kyoto Fukuoka) in its Top 10.

and the formulation of public policy. Japan is no exception: given their legibility, these indicators and summaries receive considerable media coverage and spark national debate, of which a recent example was the attention given to Japan's particularly poor ranking in the aforementioned Global Gender Gap Index.

This edition of *Japan Analysis* takes a closer look at Japan's place in the world, examining the country's efforts to open up to the world and take up its place in the various rankings of international competition.

It begins with an analysis by Yuko Kawato, who examines Japanese involvement in Africa in the form of development aid and the manifold aspects of the aid pledged by Tokyo at the international conference on African development in 2013. There follows an analysis by Amélie Corbel of Japan's poor showing in international rankings on gender (in)equality. These evaluations are nothing new in themselves. But they have increasingly been in the media spotlight since Abe Shinzō's government launched a programme designed to promote the presence of women in the workplace as part of its growth policy. Furthermore, aid to Africa is an important aspect of a growing French-Japanese cooperation. In line with this contribution, an article by Yoshikuni Shin'ichi looks at the question from an economist's point of view: while he accepts the importance of female labour for the future of the Japanese economy, Yoshikuni Shin'ichi also questions the pertinence of the resources mobilized by Abe Shinzō's government in pursuit of its gender equality objectives, and argues that radical reforms to the working habits of Japanese *men* are necessary. We close with an article by Nishikawa Shūichi on the realities behind the "anglicization" of a company. This article, written in November

2013, reproduces comments by various employees of Rakuten and Fast Retailing (Uniqlo), two giants of the Japanese economy who in 2012 adopted English as their official corporate language as part of their policy on *guro-baru jinzai* or internationalization of their human resources.

SOPHIE BUHNIK AND AMÉLIE CORBEL

CLOSE UP ON THE NEWS

1. The Abe government and the gender equality issue: “towards a society where women shine”²

- AMÉLIE CORBEL

Regardless of the attention it attracts, the notion of “a country’s place in the world” is generally held to designate its economic power and political influence. And yet, in this age of *benchmarking*³, it seems every domain is the subject of one international ranking or another. From traditional areas such as economics to education and innovation, more and more sectors are becoming the

² In Japanese, *josei ga kagayaku shakai he*: the slogan of the campaign promoting jobs for women launched in spring 2013 by the Abe government.

³ Benchmarking: in the field of international rankings, this can be defined as “a tool for the comparative evaluation of national metrics based on the definition, quantification and calibration of common performance indicators”; the implicit objective is for the “bad” pupils to learn from the “good” pupils. For a critical appraisal of the notion of benchmarking, see Isabelle Bruno and Emmanuel Didier, *Benchmarking - L'État sous pression statistique*, Paris, La Découverte, 2013.

object of measurement, evaluation and, naturally, rankings. These league tables are typically compiled by consulting firms or analysts commissioned to carry them out, or by international agencies which evaluate all entities included in the ranking through the lens of a standardized set of metrics. One point that most have in common is that they leave to one side the question of how suitable a “single” metric – conceived in a particular country, but applied to radically diverse local contexts – is for evaluating perceptions as subjective as “quality of urban living” or the “liveability” of a city. Nevertheless, we might also argue that since they are based on the measurement of the salary levels rankings and occupational ranks of men and women in each individual country, gender equality rankings provide a useful starting point for comparisons and debate on why a given country scores so well – or so poorly – in the ranking⁴.

While Japan’s level of development ensures it a high placing in many international rankings,

⁴ The author thanks Sophie Buhnik for her input on the development and use of rankings.

there is one domain where the available data singles Japan out for a position well down in the ranking. This domain is gender equality. In its 2013 edition, the World Economic Forum's Global Gender Gap Report ranked Japan in 105th position in a total of 136 countries hardly a flattering score for the world's third-biggest economy. And as it does every year, it has attracted considerable media coverage. Japan's poor performance in gender equality issues is regularly underlined by various international organizations. Recent reports by the IMF and investment bank Goldman Sachs⁵ attracted much attention from the Japanese government and business world, as they stressed the loss to the economy signified by low employment rates among Japanese married women. The impact of these reports was not without consequences for Abe Shinzō's government, which announced in spring 2013 that female employment would be at the heart of its growth strategy.

The state of play on gender inequality in Japan

Before turning to government policy, let's briefly look over the gender equality situation in Japan. Of the various gender equality indexes, by far the most influential is the World Economic Forum's Global Gender Gap Index (GGGI). Launched in 2006, the GGGI is a composite index which expresses the gender gap in terms of a score between 0 and 1. A score of 1 means perfect equality; a score of 0 means absolute inequality⁶. The GGGI merely expresses the gap between genders (i.e. in relative terms) and not the absolute levels attained by either gender in the evaluated domains, a method which reduces

the risk of bias in favour of the more developed countries.⁷ This method therefore allows the Philippines to reach fifth place in the ranking, with a score of 0.7832 (2013) – well ahead of Japan, which occupies the 105th position with a score of 0.650. A cursory analysis of Japanese results allows us to state the following: while Japan scores very well in the areas of health and education⁸, its performance in the business and political spheres is very poor. The limited presence of women in positions of leadership – in business as well as politics – and an employment market which remains largely two-track⁹ are the main causes of this situation. While this situation is far from specific to Japan, it is much stronger than in other developed countries, with only a few exceptions¹⁰. Nevertheless, not all international gender equality indexes place Japan among the “bad” pupils. For example, the United Nations Development Programme's Gender Inequality Index (GII), which addresses such domains as reproductive health, empowerment and the labour market¹¹, ranked Japan in 21st position

⁷ Several gender equality indexes combine absolute and relative values. One example is the Gender-related Development Index (GrDI) created in 1995 by the UNDP.

⁸ Indicators for the health domain: sex ratio at birth and life expectancy; indicators for the education domain: literacy rates, primary/secondary/higher education enrolment rates.

⁹ Note for example the gap of 25-30% between male and female employment rates. The GGGI figures report a ratio of 0.74 (85% against 63%). Other indicators (GII, see below) report ratios of 0.68 (71.1% against 49.4%).

¹⁰ One example is South Korea, where the situation is similar.

¹¹ More specifically, the GII measures: [reproductive health]: maternal mortality rates and fertility rates among adolescents (15-19 years old); [empowerment]: percentage of seats in parliament and proportion of population with secondary or higher education; [labour market]: employment rates among women of working age. For more details, see the UNDP human development reports: [http://hdr.undp.org/fr/content/rapport-sur-le-d %C3 %A9veloppement-humain-2013](http://hdr.undp.org/fr/content/rapport-sur-le-d%C3%A9veloppement-humain-2013) (in French).

⁵ Can Women Save Japan? (IMF, October 2012) and Womenomics 3.0: The Time Is Now (Goldman Sachs, 2010).

⁶ In 2013, the best score was 0.8731 (Iceland) and the worst 0.5128 (Yemen).

out of 145 countries in its 2013 edition.¹² This ranking might seem to contradict the findings of the GGGI, but it principally reflects the good Japanese performance in areas such as the reproductive health of women;¹³ and the Gill also confirms the country's poor performance in terms of gender equality of participation in the spheres of business and politics.

Can Women Save Japan?¹⁴

While gender inequalities in politics have not received the attention they have received in other countries,¹⁵ the same cannot be said of inequalities in the business sphere. The interest shown by the media and senior business management in female employment can be partly explained by the relation which has been established between female participation rates in the labour market and the economic health of a country. This relation has been extensively addressed in the last five or ten years in various reports from international institutions (such as the IMF and World Bank) and major private groups (notably Goldman Sachs). Japan is regularly mentioned in these reports: it is viewed as one of the developed countries whose economy would most benefit from greater gender equality in the occupational sphere. In concrete terms, it's estimated that closing the gender inequality gap in employment would increase Japan's

GDP by anywhere between 9 and 15%.¹⁶ Behind these figures are a number of precepts which are common to all of the reports, starting with those published by the IMF (for example "Can Women Save Japan?" from 2012) and Goldman Sachs ("Womenomics 3.0: The Time Is now", from 2010). The first, on the macroeconomic level, maintains that Japan must find new sources of labour if it wants to offset the impact of the reduction in its active population on its economy.¹⁷ To do so, two options are open to it: either it recruits foreign labour, or it taps into its "most underexploited resource"¹⁸ – women.¹⁹ Given the political difficulties inherent in an ambitious migration policy, the second option looks more promising in the short term. With female employment rates of 65.6% against 85.1% for men (according to data from March 2014),²⁰ the labour market needs to take on

¹⁶ An IMF note of September 2013 (*Work and the Economy: Macroeconomic Gains from Gender Equality*) estimates an increase of 9% in Japanese GDP (p. 4), based on the research of Aguirre *et al.* (*Empowering the Third Billion. Women and the World of Work in 2012*, 2012, Booz and Company). The 15% estimate is based on research by Kevin Daly (GS Global ECS Research) and is cited in the latest report from Goldman Sachs.

¹⁷ The population of working age in Japan (15-64 years of age) is expected to fall from 87 million in 1995 (the historic maximum) to 55 million by 2050 (figures taken from the IMF report *Can Women Save Japan?*, 2012).

¹⁸ Matsui Kathy *et al.*, *Japan: Portfolio Strategy – Womenomics 3.0: The Time is Now*, Goldman Sachs, October 2010, p. 1.

¹⁹ To these two options a third is frequently added: senior citizen employment (+65 years). This option is not examined in the reports cited here.

²⁰ The author's calculations on the population aged between 15 and 64, based on the data from the survey "Rōdōryōkuchōsa (kihonshūkei) – March 2014 – shūgyōjōtaihetsu 15 saijōjinkō, sangyōbetsushūgyōshasū" [the Japanese government's bureau of statistics]. By way of comparison, employment rates in France are 74.8% for men and 66.2% for women: a gap of 8.6 points.

¹² UNDP Human Development Report (available online). 2012 figures.

¹³ Sugibashi Yayoi, "Kokuren kaihatsu keikaku ga teishō suru atarashii genā fubyōdō shisū _dētā kakō no otoshiana" [The new gender inequality index proposed by the UNDP: the data processing trap], *Cutting-Edge*, no. 40-41, February 2011 (available online).

¹⁴ To echo the title of the IMF report of October 2012.

¹⁵ In France, for instance, where debates in gender parity are the norm.

7.5 million women if female employment rates are to reach parity with male. This second option promises not only more numerous but also better-qualified labour, for Japanese women have on average pursued their studies longer than men²¹. The second precept underpinning these reports is microeconomic in character, and holds that businesses would have much to gain from recruiting more women and promoting them to positions of responsibility. With only 11.9% of leadership posts occupied by women²² against almost 43% in the United States and a little less than 40% in France,²³ the decision-making process in Japanese businesses remains largely off-limits to women, even if the situation is improving.²⁴ For business, these figures come at a cost: they mean restricted access to skilled labour, and poorer performance in markets dominated by women. Greater diversity in Japanese enterprises would lead to a greater diversity of opinion and prepare the way for “new perspectives to open up”. That, at least, is what we are led to conclude by these reports, which argue in favour of “diversity”²⁵ in the business environment. But the challenges facing Japan in its efforts to close the gender

equality gap in the professional sphere are considerable. Low rates of female occupancy of positions of leadership and the gap between employment rates among men and women were mentioned above. To these we must add that 70% of “casual” jobs²⁶ – which account for 35% of all jobs – are occupied by women.²⁷ This predominance of females in so-called “casual” employment – a phenomenon which is far from specific to Japan – follows a distinct pattern in terms of breakdown by age groups: the percentage of women in “casual” employment increases gradually from the age of 30, peaking in the 45-49 age group and falling off as women leave the employment market. This pattern is not found in the male population, where “casual” employment tends to be the preserve of men in their twenties and sixties. The discontinuity in the occupational lifecycle of women is also reflected in the persistence of the “M-shaped curve”²⁸ that is specific to female employment in Japan. Even today, six in every ten women leave their jobs when their first child is born.

²⁶ Casual jobs (*hisei*) include employment on fixed-term contracts, temporary employment, “odd jobs” (*arubaito*) and part-time employment.

²⁷ Source: 2012 figures from the government’s statistics department, “Rōdōryoku chōsa no kekka wo mirusai no pointo n° 16 - hiseiki no yaku 7 wari ha joseigashimeru” [Salient points in the findings of the survey on labour, point no. 16: almost 70% of “casual” employees are women], 19 February 2013, p. 4.

²⁸ Employment rates among Japanese women increase rapidly as women enter their first jobs, reaching a maximum of 77.6% in the 25-29 age group. This peak is followed by a trough where female employment rates drop off by 10 percentage points, as young mothers leave the employment market. After dedicating several years to bringing up their children, these women then return to paid employment, most frequently in the form of “casual” labour. This phenomenon causes a new spike in female employment, which reaches a second peak of 75.7% in the 45-49 age group. Represented in graphic form, this employment pattern forms a distinctive M shape (source: MHLW report “Hataraku josei no jitsujō” [The situation of working women], 2012).

²¹ Steinberg Chad, Nakane Masato, *Can Women Save Japan?*, IMF working paper, 2012, p. 5.

²² Taken from the MHLW survey “koyōkintōkijonchōsa - 2011 (kakuho) - kigyō chosa” [Baseline survey on equality in employment (2011 edition): based on enterprise survey data].

²³ Data from IMF (*op. cit.*, p. 18) and Goldman Sachs (*op. cit.*, p. 18) reports.

²⁴ In 1989, the proportion of positions of leadership occupied by women was 5.0%; in 2003, 8.2%; and in 2006, 10.5% (source: MHLW report, *loc. cit.*).

²⁵ “Discourse on the management of diversity emerged in the United States in the 1990s, as it broke free from the moral and legalistic dimensions which characterize discourse on affirmative action, and increasingly found a place in the rhetoric of economic efficiency” (quoted in Bereni Laure, « Le discours de la diversité en entreprise: genèse et appropriations », *Sociologies pratiques*, 2/2011 (no. 23), pp. 9-24).

This metric has remained unchanged since the latter half of the 1980s.²⁹ While the number of women leaving their jobs before pregnancy (often on the occasion of their marriage) has fallen by approximately 10 percentage points in the last 25 years, the number of women who leave work when they become pregnant with their first child has remained the same.³⁰ Among the reasons most often cited for this phenomenon are the desire to dedicate time to household chores and bringing up children (34% of women on permanent employment contracts; 48% of women in “casual” employment), over-long or irregular working hours (26% and 9% respectively), absence of measures enabling reconciliation of family and professional life (21%, 8%), health-related issues (15%, 19%) and dismissal or invitation to resign by employers (14%, 8%).³¹ Looking over these figures, we can see that the withdrawal of young mothers from the employment market is as much a conscious choice to dedicate all their time to bringing up their new-born children as a “default” decision,

²⁹ These figures are for the 2005-09 period: For every 100 women in work before their first pregnancy, only 38 will still be in employment when their first child celebrates its first birthday. The other 62 women will have left their jobs during their pregnancy or after giving birth. These figures are broadly similar to those for the 1985-89 period, when only 39% of women remained in their careers after the birth of their first child (source: MHLW report “Hataraku josei no jitsujō” [The situation of working women], 2011).

³⁰ One change is worth noting: the increase in the number of women taking maternity leave. In 1996, 49% of women in employment at the time of their childbirth took maternity leave. This figure had risen to 72% by 2005. In 2008, the symbolic threshold of 90% was passed. Since then, the figure has fallen slightly to 83.6% in 2012 (source: MHLW, “kōyō kintō kihon chōsa” [Baseline survey on employment equality], 2012).

³¹ These figures are taken from a survey by Mitsubishi UFJ Research & Consulting, *Iku jikyū gyōsei donado ni kansuru jittai wa aku no tame no chōsa (rōdōsha ankēto chōsa)* [Survey on the situation relative to the parental leave and other systems (employee survey)], 2011. Multiple responses were possible.

for professional life remains difficult to reconcile with family life for a majority of women. Increasing the employment rates of the female population therefore involves implementing measures ensuring greater equilibrium between family and professional life, which would reduce the “default” departures from the employment market.

Womenomics – the cornerstone of the Abe government’s growth strategy

All of this leads us to turn our attention to the recent conversion of Japan’s Prime Minister, Abe Shinzō, to the appeals of *Womenomics*. In an opinion piece published in the *Wall Street Journal* in September 2013,³² Abe wrote: “*Unleashing the potential of Womenomics is an absolute must if Japan’s growth is to continue.*” A few months earlier, in an eagerly-awaited speech on his growth strategy, Abe had declared that creating a society which would allow “*the skills which slumber in the depth of women to awake and blossom*”, those “*human resources [which Japan is slow to] put to good use*”³³, was the key to renewed growth. Declarations like these recall the reports of the IMF and Goldman Sachs, and with good reason: they are directly inspired by them. In his article in the *Wall Street Journal*, Abe made no attempt to hide this,³⁴ acknowledging his

³² Abe Shinzō, “Unleashing the Power of ‘Womenomics’”, *Wall Street Journal*, 25 September 2013.

³³ Abe Shinzō, “seichōsenryaku no supīchi” [Speech on growth strategy], 19 April 2013.

³⁴ “I have no idea who first coined the word ‘Abenomics’. [...] I do know, however, who first promoted one concept that is a vital component of Abenomics: ‘Womenomics’. In 1999, Kathy Matsui and her colleagues at Goldman Sachs first advocated that Japan could increase its gross domestic product by as much as 15% simply by tapping its most underutilized resource – Japanese women. Fourteen years have elapsed since then, and the idea has finally entered Japan’s political lexicon [...]” Abe Shinzō, “Unleashing the Power of ‘Womenomics’”, *Wall Street Journal*, 25 September 2013.

debt to the work of Kathy Matsui and her team at Goldman Sachs³⁵.

Among the measures announced by the Japanese prime minister was a national plan addressing the scarcity of daycare facilities for young children. Under this plan, approximately 45,000 daycare places were to be created.³⁶ This emergency plan has the particularity of including deregulation, and is based on the lessons of the “Yokohama model”.³⁷ Another key vector of the Abe government’s programme is increased support for women looking to return to work after a period of economic inactivity – maternity leave or longer breaks. This package includes incentives for the creation of businesses by women seeking to turn to account the experience and knowhow they have accumulated in their years at home. These government measures have been accompanied by an appeal to the cooperation of employers in the promotion of women and the provision of maternity allowances. Japan’s prime minister has set the target of tripling the presence of women in positions of responsibility to reach the 30% mark by 2020, and has called on the country’s three leading employers’ associations to

introduce regulations requiring that at least one woman sit on the boards of directors of Japanese companies. The programme also includes the introduction of a parental leave period of three years (at present, this leave lasts one year), with the objective of securing the return to the employment market of women and men who wish to dedicate more than a year to bringing up their children. However, it is important to note that all the measures announced by the Japanese premier are no more than proposals, and will not be formalized by legislation, as Abe made clear in his speech of 19 April 2013. With no law to enforce their application, the adoption of these proposals will depend on the good will of employers.

Change is coming, but to what extent?

What emerges from this brief overview of the situation is that female employment is a central element – if not the core element – of the economic policy of Japan’s current government. It is a statement of intent which must have surprised more than one commentator, Abe Shinzō – and more generally the Jimintō – being known for their conservative views on social issues. An illustration of this is the central importance attached to the family, “the natural building block of society”,³⁸ as a unit whose role in terms of social solidarity must be respected. According to this view, excessive state encroachment threatens to undermine not only the family but society as a whole. The Jimintō promotes an ideal of society that has long constituted an obstacle to the implementation of measures advancing the employment of women, and more particularly women who are married with children. For if it is to function correctly in the social role assigned to it, the family needs a caregiver in its midst. The family model which implicitly reflects this ideal typically takes the

³⁵ Kathy Matsui and her team published the report *Womenomics: Buy the Female Economy* in 1999. It was followed by two further reports, *Womenomics: Japan’s Hidden Asset* (2005) and *Womenomics 3.0: The Time is Now*, (Goldman Sachs, 2010).

³⁶ The situation as of 1 October 2013. Source: MHLW.

³⁷ Three years after being the Japanese city with the longest waiting lists for daycare places, in spring 2013 Yokohama announced that it had reached its objective of “zero children on the waiting list”. Thanks to the action of its mayor, Fumiko Hayashi, elected in 2009, Yokohama has worked actively to increase the number of places in daycare. In addition to the “classic” responses – increased budgetary allocation to childcare, creation of more daycare centres – Abe’s programme has also opened the daycare market to private enterprise and relaxed the regulations on obtaining official certification.

³⁸ Constitutional reform bill by Jimintō (LDP) dated 2012, article 24, paragraph 1.

form of a man who is the breadwinner, and a woman who stays at home and is in charge of bringing up the children and looking after their grandparents.

The importance accorded the family as a bastion of social solidarity also finds expression in the proposals of the Abe government we examined above. On several occasions, Japan's premier has underlined the value of the experience acquired by women at home, and has declared himself to be especially inspired by the example of women who have translated their knowhow in the caregiving domain into viable business projects. The measures for promoting business initiatives by women have to be seen in this context. More generally, the measures announced by the Abe government seek to address the needs of a female population of diverse profiles. The increase in the number of daycare places is principally directed at mothers who want to return to work quickly; the proposed extension of the parental leave period is addressed at women who want to dedicate more time to their children with the assurance that they can return to their jobs after their maternity leave; and the measures designed to promote the return to the employment market are aimed at women who opted to take an extended break from the employment market to devote themselves to bringing up their children. Of these three possible life choices, none is promoted at the expense of the others; all are "respectable career choices".

Despite the factors putting a brake on the "revolutionary" character of the Japanese prime minister's proposals, it seems evident that Abe's government is committed to a family policy more favourable to women. The economics and the largely utilitarian discourse of Womenomics seem to have won over even a conservative like Abe. The

groundwork was already in place, however. In an article published in 2011 – well before Womenomics became part of the Japanese government's agenda – the researchers Martin Seeleib-Kaiser and Tuulla Toivonen³⁹ examined the reasons why Japan, a country reputed to be conservative in the sphere of family policy, had come since the 2000s to progressively adopt measures in favour of the employment of women with young children.⁴⁰ With the arrival of the new millennium, successive Japanese administrations began to encourage businesses and corporations to show more consideration to the needs of families; debate on the reconciliation of family and professional life began to gain momentum; and, in an unprecedented development, the points of view of *fathers* began to be taken into account. Demographic factors alone were not enough to explain this change, the authors stressed. The emergence of new economic concerns must also be considered: "Although it can potentially be linked with a variety of considerations, *[this] pleading in favour of an improved equilibrium [between professional and family life] is often made in direct reference to human capital concerns.*"⁴¹ This trend was already visible in the 2000s, and has gathered momentum under Abe. Seeleib-Kaiser and Toivonen conclude that these changes nevertheless raise questions "*on the identity of the people on whose behalf these policies are implemented and whether the principles of gender equality will be able to support the*

³⁹ Seeleib-Kaiser Martin and Toivonen Tuukka, "Promoting Gender Equality, Birthrates, or Human Capital? Germany, Japan and Family Policy Discourse" in Coulmas Florian and Lützel Ralph (eds.), *Imploding Populations in Japan and Germany – a Comparison*, Brill, Leiden, 2011, pp. 175-201.

⁴⁰ The 1990s saw some progress towards the employment of women with young children, such as the introduction of the law on parental leave in 1992, and the implementation of the first (1994) and second (1999) Angel plans for increasing the number of daycare places.

⁴¹ *Op. cit.* p. 181.

*weight of economic, and principally utilitarian, imperatives [...].*⁴²

Abe's government seems to have crossed a watershed with regard to female unemployment, and it is a move which has divided opinion. Some are optimistic; others have their misgivings. Japan's prime minister nevertheless deserves credit for stimulating debate on a national level. Given its historic weight and its influence in business circles, the declaration of intent of the Jimintō is especially important. While it's still too early to gauge the concrete effects of the measures announced in spring 2013, other reforms are now on the table. The emergence of the debate on the future of the dependent exemption tax rebate⁴³, and the proposals for the deregulation of working hours (*rōdōjikan kisei kanwa*) are currently receiving considerable media attention. One thing is certain: future developments are going to be interesting.

⁴² Seeleib-Kaiser Martin and Toivonen Tuukka, *op. cit.*, p. 200.

⁴³ “Shushō ga haigūshakōjō nado no minaoshi kentō wo shij” [The prime minister backs revision of dependent exemption], *Nenkin jitsumu*, 7 April 2014, no. 2088, pp. 17-18.



2. Japan's Revitalized Engagement with Africa: Key Issues and Challenges

– **YUKO KAWATO**

Japan offers development assistance packages to African countries at Tokyo International Conference on African Development (TICAD), which takes place every 5 years. This article will present Japan's efforts through TICAD, discuss Japan's revitalized engagement with Africa in recent years, and highlight some challenges that Japan faces in promotion of economic development and security in Africa.

TICAD and its guiding principles

Japan hosted the first TICAD (TICAD I) in October 1993, in a context in which western donor countries felt aid fatigue from during the Cold War and African countries worried that they might be marginalized in the post-Cold War world. Japan brought back international attention to economic development and human security in Africa through TICAD I, to which United Nations agencies, economic organizations including the World Bank and the Organization for Economic Co-operation and Development, donor countries, African countries and non-governmental organizations (NGOs, as observers) participated. Since then TICAD has grown into a major international conference with high-level participants including African heads of state and leaders of international and regional organizations. TICAD has welcomed an increasing number of

participants and Japan has offered increasingly comprehensive assistance packages to Africa. The assistance packages seek to aid economic development and improvement in various aspects of human security. This effort is guided by two principles. First is that it is essential to promote development with African "ownership" and international "partnership." This is because international assistance is indispensable for African development but this alone will not achieve it. Africa's own effort and leadership are important. The second guiding principle is that economic development and stability in Africa benefit Japan and the international community, as I discuss below.⁴⁴

Revitalized engagement with Africa

Three events in the early 2000s refocused international attention on Africa and led to Japan's revitalized engagement. First, in September 2000, member states of the United Nations pledged to help achieve the Millennium Development Goals by 2015 which include:

- 1) eradicating extreme poverty and hunger;
- 2) universal primary education;
- 3) promoting gender equality and empowering women;
- 4) reducing child mortality rates;
- 5) improving maternal health;
- 6) combating HIV/AIDS, malaria, and other diseases;
- 7) ensuring environmental sustainability; and
- 8) developing a global partnership for development.

Japan's development assistance to Africa grew more comprehensive to address these goals.

⁴⁴ See the Ministry of Foreign Affairs of Japan (MOFA) website <http://www.mofa.go.jp/region/africa/ticad/what.html> for an introduction about TICAD

Second, terrorist attacks in the United States in September 2001 led to the international effort to prevent terrorism by assisting development in key regions including Africa. This is based on an understanding that factors related to underdevelopment such as poverty and low governance contribute to terrorism.

Third, an important economic growth in sub-Saharan Africa since 2003 made the region a more attractive place to invest in. This region's annual economic growth rate has surpassed 5% on average⁴⁵. Africa is rich in natural resources such as oil, gas and rare metals. This sector's development and high prices for the resources are fueling the economic growth. Africa is also growing into a large consumer market. About one billion people live in Africa and the population is growing: by 2050 one-fifth of the world's population will be African. With a growing middle-class, Africa has a potential for becoming an important market.

These events generated strong incentives for Japan to increase its effort to assist African development. First, Africa's economic development is good for Japan's economy. Japan is in great need of securing energy and other resources, and new markets for economic growth. Tokyo has encouraged the private sector to increase trade and investment in Africa. The number of Japanese firms in Africa has increased steadily to about 300 today⁴⁶.

Second, Japan's incentive to contribute to peace and security in Africa grew with Japanese investment. Political instability including civil conflicts, terrorism, piracy and other security problems can harm Japanese employees, obstruct Africa's economic development and negatively affect international business.

⁴⁵ Tanaka Akihiko, "Africa-nihon gaikou ni totte no kadai", *Gaiko*, Vol.19, pp12-13.

⁴⁶ Hirano Katsumi, "Africawaima, gurōbaru kigyō ga shino gi wo kezuru furontia da" [Africa is the new battlefield of the multinationals], *Chuō Kōron*, June 2013, p. 132.

Third, as other states strengthened their engagement with Africa, Japan's incentive to do the same grew for a political reason. Japan understands that cultivating partnerships with African states is important for its influence in global politics. Africa has 54 countries which is a quarter of all states in the world. Japan can benefit from their support for its international initiatives, including its campaign to obtain a permanent seat in the UN Security Council.

The events of the early 2000s helped Japan identify the ways in which it can assist Africa's development. TICAD III in 2003 recognized the importance of peace-building and human security. TICAD IV in 2008 included "accelerating economic development" as a key issue⁴⁷. To achieve this, the Japanese government sought a public-private partnership and invited the business community to participate in TICAD. The partnership allows the state to utilize the knowledge, experience and technology of firms while the latter benefits from state support for trade and investment in Africa.

In TICAD IV, Japan promised to double its Official Development Assistance (ODA) to Africa to 1.8 billion dollars by 2012. Japan also pledged to work towards doubling private direct investment to Africa to 3.4 billion dollars by 2012. Japan fulfilled these promises in the context of the global financial crisis and the shrinking Japanese ODA⁴⁸. Furthermore, TICAD IV introduced a follow-up mechanism to monitor the implementation of action plans. Annual ministerial follow-up meetings are held in African countries since then.

⁴⁷ Japan addressed climate change for the first time in TICAD IV as well.

⁴⁸ Matsuyama Ryoichi, "Botswana kara mita africa shien to TICAD", *Gaiko*, Vol. 19, p57; MOFA, "TICAD V—Hand in Hand with a More Dynamic Africa," March 2013, http://www.mofa.go.jp/region/africa/ticad/pdfs/brochure_en.pdf, p4.

TICAD V: Japan's pledges and action plans

Japan hosted TICAD V on June 1-3, 2013. Japan co-hosts TICAD with the UN Office of the Special Advisor on Africa, the UN Development Programme and the World Bank. The African Union Commission joined them in 2013, strengthening TICAD's principle of African "ownership" of its development. The conference took place with more than 4,500 participants, including representatives from 51 African states (including 39 chiefs of state), 31 donor and Asian states, 72 international organizations and more than 70 private corporations and civil society organizations.⁴⁹

Japan's assistance package in TICAD V contributes towards three interrelated objectives of creating "robust and sustainable economy," "inclusive and resilient society," and "peace and stability."⁵⁰ Japan pledged up to 3.2 trillion yen (private and public means combined) for these objectives. Below I present them in more detail.⁵¹

Robust and sustainable economy

There are four main pillars under this theme.

1. Boosting economic growth by developing the private sector, trade and investment, and natural resources

Japan will support the growth of Africa's private sector by pledging 500 million U.S. dollars

⁴⁹ MOFA Africa Division, Africa Division, "Nihon no tai Africa gaikō", March 2014, <http://ab-network.jp/wp-content/uploads/2013/11/431bf4b1b2c7feaab2a051c8e9521115.pdf>, p. 5.

⁵⁰ The summary of the package is available through the MOFA website: <http://www.mofa.go.jp/files/000006375.pdf>.

⁵¹ What follows is based on the MOFA's summary of TICAD V, available at <http://www.mofa.go.jp/files/000006375.pdf>.

to co-finance with the African Development Bank. Japan will also continue to support "kaizen (improvement) projects" for production efficiency and product quality.

Japan will promote trade and investment to boost economic growth in Africa as well. Japan will provide up to 2 billion dollars for trade and investment insurance for Japanese companies. Tokyo will continue investment treaty negotiations with African states and will dispatch a policy advisor on investment promotion to 10 countries. Japan will also negotiate with African states to reduce or eliminate tariff and non-tariff barriers to trade.

In addition, Japan will promote regional trade through capacity building of 300 people in 20 countries to develop One Stop Border Post (OSBP). OSBP brings together bordering states to jointly operate immigration, customs and quarantine to reduce transportation cost and time required to cross borders.⁵² African states have also made initiatives to establish regional trade communities and Japan supports these initiatives.

Furthermore, Japan aids natural resources development to boost economic growth in Africa and obtain resources. This is a policy priority for Japan which faces international competition over resources and needs to reduce its dependence on Chinese rare metals. Japan promised to provide capacity building of 1,000 people in the natural resource industry. It also pledged 2 billion dollars of public finance by Japan Oil, Gas and Metals National Corporation. These promises are based on Tokyo's energy strategy of 2006, which includes use of assistance to build infrastructure in resource exporting countries in return for resources. As a part of this strategy Japan established the Geological Remote Sensing Center in Botswana in 2008. Japan transfers the technology for mineral exploration to enable joint

⁵² Inui Eiji, "Featuring Africa: Shin ni Afurika no tame ni narushientowa" [About Africa: which assistance really helps Africa?], JICA website, 26 April 2013, http://www.jica.go.jp/topics/scene/20130426_01.html.

exploration with African countries and obtains the resources found through this effort.

2. Accelerating the development of infrastructure and human resources

In sub-Saharan Africa, there is severe shortage of transportation infrastructure as well as electricity, water and communication infrastructure. This is an obstacle for economic growth. Japan pledged 6.5 billion dollars for infrastructural development. Japan will also help develop 5 major transport corridors on the continent. Cross-border corridors including highways and ports are important for economic development in Africa with many land-locked countries. Japan envisions development of broad areas along the corridors.

Japan also promised to assist human resource development. Tokyo will help 30,000 people develop skills for business and industry, by opening TICAD Human Resource Development Centers for Business and Industry at 10 locations for 25 countries. In addition, Japan will launch the African Business Education Initiative for the Youth (ABE Initiative) which will invite 1,000 people to Japan for internship in Japanese firms. Japan will develop human capacity in tourism, science and technology as well.

3. Strengthening agriculture

Further development of Africa's agriculture is important for five reasons. First, it will help correct the overreliance on resource export for economic growth. Developing agriculture is essential to diversify Africa's core sectors and achieve sustainable growth. Second, strengthening agriculture will help save foreign reserves used to import agricultural products. Africa imports more agricultural products than it exports due to low productivity.⁵³

⁵³ Kato Hiroshi, "Afurika kaihatsu no kadai to nihon no kōken" [The challenges facing African development and the Japanese contribution], *Kokusai Mondai*, May 2013, p. 44.

Third, strengthening agriculture is important for poverty reduction. About 70% of the people in Africa live in rural areas and 90% of these rural residents work in agriculture. Majority of the African poor, 65-90% depending on statistics, live in rural areas.⁵⁴ Japan pledged to help empower smallholders and increase their income in 10 countries, through training on market research and other measures. Japan will also organize smallholders' cooperatives for 50,000 people and contribute to capacity building of 1,000 agricultural trainers. The on-going Pro-Savanna Project between Japan, Brazil and Mozambique seeks to develop agriculture in northern Mozambique. It supports smallholders, builds infrastructure, and encourages "responsible" private investment that does not involve land grabbing and other problematic practices.

Fourth, developing agriculture is important to prevent an excessive migration from rural areas to cities. Fifth, agricultural development improves food security, which is becoming more important as African population increases.⁵⁵

Japan has another on-going project that addresses these issues. Japan International Cooperation Agency (JICA) and Alliance for a Green Revolution in Africa work together in Coalition for African Rice Development (CARD) since TICAD IV. CARD supports African effort to double rice production between 2008 and 2018 while empowering farmers.⁵⁶ Japan pledged its continued support for CARD in TICAD V.

⁵⁴ Coalition for African Rice Development (CARD), "Initiative for doubling rice production in Africa", May 2008, http://www.jica.go.jp/english/our_work/thematic_issues/agricultural/pdf/card_03.pdf, p. 3.

⁵⁵ Kato Hiroshi, *op. cit.*, p. 45.

⁵⁶ CARD, "Initiative for doubling rice production in Africa", p. 5. See also Sakane Masahiro, "Sabbu-sahara Afurika no jizoku kanō na seichō ni kōkensuru" [The road to sustainable development in sub-Saharan Africa], *Gekkan Keidanren*, May 2013, p. 37.

4. Promoting environmentally sustainable and resilient growth

Africa is the continent that emits the least amount of green house gases but it is one of the most vulnerable to climate change. African countries need to use energy more efficiently, develop renewable energy and protect forests that absorb the green house gases. JICA has engaged in development of renewable energy and electricity distribution networks in Africa. At TICAD V, Japan pledged 2 billion dollars for low carbon energy. Japan will continue to support the effort to reduce deforestation in 34 countries through the “TREES Initiative,” which promotes biodiversity and local community involvement in forest management.

Japan will also assist disaster risk reduction. For example, there is a flood disaster management project in 24 communities around Kenya's Nyando River Basin to create hazard maps, provide disaster training, educate about flooding in primary schools and construct emergency refuges.⁵⁷

Inclusive and Resilient Society

The second main objective for Japan's assistance package at TICAD V is to help create inclusive societies with educated and healthy populations to encourage economic growth. Japan's assistance has three components. First is to provide quality education to 20 million children by expanding the School for All project (which encourages communal participation to building classrooms and managing schools) and Strengthening Mathematics and Science in Secondary Education project (which trains middle-school teachers).

Second is to encourage women's participation in “all spheres of life on the continent”.⁵⁸ One of the projects seeks to strengthen the capacity

and leadership of African business women and officers in charge of gender by inviting them to Japan for an exchange.

Supporting health is the third component. Japan pledged financial support for capacity building of 120,000 people. It will also help improve access to safe water and sanitation for 10 million people, promote maternal and child health, and facilitate treatment of diseases. These measures add to various existing projects that seek, for example, to improve rural medical services, medical information system and hospital management.

Peace and stability

The third focus of Japan's assistance package at TICAD V is promoting and consolidating peace and stability in Africa. Peace and stability is essential for Africa's economic growth and for Japan's engagement with it through trade and investment. Japan's assistance in this domain has four components.

1. Counter-terrorism and counter-piracy efforts

An Islamic extremist group attacked a natural gas plant in Algeria in January 2013 and killed 39 people, of which 10 were Japanese. This incident highlighted the risk for Japanese firms that do business in Africa and the importance of continuing to fight terrorism. Japan's assistance in TICAD V included anti-terrorism and anti-piracy measures for the first time in the history of TICAD. Japan pledged to train 2,000 people and provide equipment in North Africa and the Sahel region. The Self-Defense Force (SDF) and the Coast Guard will continue their anti-piracy effort in the Gulf of Aden and help build capacity of coast guards in neighboring countries. In recognition that poverty and other problems stemming from underdevelopment contribute to terrorism, Japan supports regional stability in the Sahel

⁵⁷ Kato Hiroshi, *op. cit.*, pp. 45-49.

⁵⁸ Yokohama, Declaration of 2013 (TICAD V), subsection TICAD V Strategic Approaches.

region through a pledge of 1 billion dollars for development and humanitarian assistance.

2. *Peace building and consolidation*

Japan disbursed 550 million dollars in March 2013 to support consolidation of peace in the Sahara belt (from the Sahel region to Somalia) and the Great Lakes region. At TICAD V, Japan promised to continue this support with special emphasis on gender and on assisting national and community reconstruction. Japan will also continue to deploy SDF personnel to UN Peacekeeping Operations (currently there is a civil engineer unit of 400 people in South Sudan) and support PKO training centers. Prime Minister Abe Shinzo's announcement that Japan will become a "proactive contributor to peace" suggests a greater role for the SDF. How Japan's role in maintaining security in Africa will evolve remains to be seen.

3. *Good governance*

Promoting good governance is important for peace and stability. For example, in sub-Saharan Africa, Islamic extremist groups operate mainly in two areas where there is low governance. One is Somalia, where there is no government that effectively governs the entire territory since 1991. The other is northwestern Africa including Mali, Mauritania, Niger and Chad, where confusion following attempted or successful coup d'états helped create safe havens for extremist groups.⁵⁹ Good governance and stability are important to attract foreign investment for economic growth. Japan will assist African Peer Review Mechanism and other programs that encourage good governance in 30 countries. Japan will also build capacity of 5,000 people in the judiciary, media, local government and

⁵⁹ Shirato Keiichi, "Tero taisaku ni shōchō sareru aratana Afurika to no kankei" [How the anti-terrorist struggle is recasting relations with Africa], *Africa Report*, no. 51, 2013, p. 16.

security sectors. In addition, experts on Africa argue that it is important to support politically stable countries as a message to unstable ones that political stability can bring assistance and investment from the international community.⁶⁰

4. *Supporting regional initiatives*

Consistent with TICAD's principle of African "ownership" of its development, Japan will give financial support to the African Union (AU) and regional economic communities so they can better implement their initiatives to consolidate peace and stability. Japan will support African Peace and Security Architecture and actions based on the AU Charter on Democracy, Elections and Governance, among other initiatives.

In January 2014 Prime Minister Abe visited Côte d'Ivoire, Mozambique and Ethiopia with 33 corporate and other private representatives. Abe's visit showed that Japan is making Africa one of its foreign policy priorities.

Challenges for Japan

There are several challenges for Japan as it renews its engagement with Africa. First is to improve Africa's image in Japan's business community so that more firms trade with and invest in Africa. Tokyo has redoubled its effort since TICAD IV and this will have to continue. Africa has diverse countries with different political, economic and social contexts yet Japanese people tend to consider them as one, with negative images of diseases, political instability, poverty and underdevelopment. These problems persist in many parts of Africa. Yet if Tokyo wants more firms to do business there, it needs to continue educating

⁶⁰ Panel with Tanaka Akihiko, Tanaka Hitoshi, Ishihara Kunio, Yano Kaoru and Kubota Masakazu, "Wagakuni Keizai gaikō no saikō chiku ni mukete" [Towards the reconstruction of Japan's foreign economic policy], *Gekkan Keidanren*, May 2013, pp. 9-13.

them about the on-going efforts to address the problems (with reference to successful social businesses⁶¹), and to present Africa as a continent on the rise with many dynamic communities.⁶²

Second challenge for Japan is to eliminate conflicts between its objectives in the assistance package when they arise. TICAD V NGO Contact Group (a network of 47 Japanese civil society organizations that works with Africa's civil society and engages the Japanese government for policy dialogue) has warned that the international effort to promote economic development in Africa is accelerating problems such as land grabbing, displacement of villages/villagers that weakens local communities, environmental destruction, violation of human rights (forced labor and child labor) and expansion of income gaps. In fact, the NGO Contact Group has argued that the Pro-Savanna Project (the agricultural project by Japan, Brazil and Mozambique) could potentially take away land from smallholders despite Japan's promise to support smallholders and encourage "responsible" private investment.⁶³ When promotion of economic development and human security (among other objectives) are not compatible,

⁶¹ One example is the "tearai" (handwashing) project in Uganda by Saraya, a Japanese corporation that developed liquid soap first in Japan. For this and other examples, see Saraya Yusuke, "Uganda de kodomo no inochi wo mamoru nihon hatsu tearai" [Japanese hand soap saves the lives of the children of Uganda], *Gaikō*, vol. 19, pp. 170-1, and the Japanese ministry of foreign affairs, "TICAD V-Hand in Hand with a More Dynamic Africa", p. 4.

⁶² Matsuyama Ryoichi recommends more high-level trade missions to Africa and investment and trade conferences in Japan in "Botswana kara mita Afurika shien to Ticad" (*loc. cit.*), p. 58.

⁶³ TICAD V NGO Contact Group, "Ticad V shimin shakai katsudō hōkokusho" [(Report on civil society activities in the framework of TICAD V)], undated, <http://ticad-v-cs.jimdo.com/>, pp. 12-14, 72.

Tokyo will have to devise measures to make them compatible.

Third challenge for Japan is to maintain the positive reputation that it has cultivated with its contribution to Africa's development thus far. Japan has earned a good reputation that it gives assistance through dialogue with African states in order to ensure that the assistance matches their needs.⁶⁴ Japan could keep and even enhance this reputation in three ways. First is to leverage on its strengths to distinguish its assistance from that of other states. China, India and South Korea among others are strengthening their ties with Africa. In comparison to these and many other states, Japan is better able to assist African countries in human resource development and industrial development with technology transfer. Furthermore, Japan has more experience in development assistance than many states, from assisting development in Asia and other regions.⁶⁵

The second way to maintain Japan's good reputation is to continue to keep some political conditions for assistance. China declared in its white paper on policy towards Africa in 2006 that it will not tie its support to Africa to political conditions. This is not a good path for Japan with its emphasis on promoting democracy and good governance in Africa, and given its effort to take leadership on various issues in the international community.

The third way to maintain Japan's good reputation is to continue assisting African countries in a way that generates benefit both for them and for Japan. Lamido Sanusi, the governor of the Central Bank of Nigeria,

⁶⁴ Markos Tekle Rike, "Wagakuni mo toriiretanihonkigyō no kaizen katsudō" [Methods of improvement of Japanese enterprises as adopted by our country], *Gaikō*, vol. 19, p. 47.

⁶⁵ Matsuyama Ryoichi, *op cit.*, pp. 59-60.

wrote in his contribution to the Financial Times last year that “Africa is now willingly opening itself up to a new form of imperialism” in its relationship with China. China operates mines and builds infrastructure in Africa by “using equipment and labor imported from home, without transferring skills to local communities.” Chinese assistance money goes to Chinese corporations which deliver the goods and services promised to Africa. In addition, Sanusi described the terms of trade in which China takes Africa’s primary goods like crude oil and sells manufactured goods⁶⁶. Japan needs to be careful about how it assists Africa in order not to become perceived as a new imperialist.

must preserve the good reputation it has cultivated over the years by understanding the needs of African countries through dialogue and keeping the promises it makes. TICAD’s principles of African ownership and international partnership for development are essential. Japanese actors must remember that Africa’s development is first and foremost to improve the lives of Africans and it cannot be exploited unfairly for Japan’s economic interests. With this basic understanding, Africa and Japan will continue to construct a win-win relationship.

The fourth challenge for Japan is to find ways to cooperate with other donor states to create a synergetic effect for Africa’s development. Coordinating assistance is not easy because

- 1) it is difficult to decide the division of labor including finance;
- 2) there is difference of interest and priority; and
- 3) there are different models of assistance (Japan emphasizes yen loan and project-based assistance while others may use grants more often).

But cooperation is possible, as the Pro-Savanna project between Japan, Brazil and Mozambique shows. Despite NGOs’ concerns about this particular project, this type of international cooperation can be valuable.

Since 1993, TICAD has promoted international dialogue on African development and showcased Japan’s assistance. As Japan revitalizes its engagement with Africa, it

⁶⁶ Sanusi Lamido, “Africa must get real about Chinese ties”, *Financial Times*, 11 March 2013. See also the panel of Hattori Takashi, Mizuno Tatsuo and Hirano Katsumi, “Chuzai keikensha ga kataru kyuseichō Africa no Chance to Risk” [The opportunities and threats posed by a rapidly-growing Africa, seen by those who have worked there], *Chuō Kōron*, June 2013, p. 144.

CURRENT POINTS OF VIEW POINT OF NEWS

3. Nishikawa Shūichi, “What anglicization is bringing to business: points of views of employees of Uniqlo and Rakuten” [Yunikuro, Rakutengenyakushain ni kiku – ‘eigokōyōgoka’ gamotarashitamonō], Chūō Kōron, November 2013, pp. 30-35. Translated from Japanese source by Sophie Buhnik.

Born in 1966 in the prefecture of Kanagawa, Nishikawa Shuichi holds a law degree from the University of Chūō (Tokyo region). He works for a life insurance company and is also a freelance journalist, regularly publishing articles in business weeklies and economic reviews.

“It’s only English after all – it’s like holding a driving licence.”

In February 2010, Mikitani Hiroshi, chairman and CEO of Japanese internet retailing giant Rakuten, announced that English was to become the official working language of his company as of February 2012 (due to the major earthquake in Tōhoku, the switch ended up being postponed to July of the same year). Previously, in June 2010, Yanai Tadashi, chairman and CEO of Fast

Retailing, the parent company of clothing giant Uniqlo, had announced plans to make English his company’s working language as of March 2012.

Both companies were savaged in the media following their announcements. And the ensuing controversy created shock waves whose impact on society has been bigger than it might appear.

But both companies also need to survive competition for a share of the global market in their respective business sectors. “Anglicization” is simply a means to this end. “It’s only English,” rejoined Mikitani. “We’re not trying to make English the official language of Japan!” For Yanai, English was “just like a driving licence”. In this article, we examine

the arguments of both men and trace the changes which “anglicization” has brought to their companies.

Let’s take Rakuten first. Since April 2010, the Monday-morning meetings (Tuesday-morning, at present) of the members of the company have been held entirely in English. The company’s internal promotion criteria now include the grades obtained in the TOEIC examination: failure to successfully negotiate this linguistic obstacle course can debar candidates from job positions, compromise their prospects of promotion, and in some cases even lead to their demotion. Over at Fast Retailing, which considers “a common language suited to the challenges of globalization” to be “essential”, all employees must obtain a minimum score of 700 points in the TOEIC exam.

Both companies are investing considerable amounts of time and money in teaching their employees English. [...]

It is partly about recruiting more foreign employees

“At the outset, everyone had their own ideas about it, but those who have known Mikitani’s character for a long time were scarcely surprised and said *Yes, we’ll do it*. As Rakuten is taking on more and more foreign employees from companies we’ve bought out, not speaking English is becoming a handicap,” notes a thirty-something employee at Rakuten. “Quite honestly, I’m not terribly gifted in English. OK, I got over 800 points in the TOEIC, but TOEIC and actually speaking the language aren’t always the same thing. In day-to-day conversation I can muddle through in broken English, but conducting negotiations without an interpreter is difficult.”

Some Rakuten employees have welcomed the “anglicization” of the company, like

this female employee in her twenties, who stresses: “It lets us do a ‘level-up’ of our reading and writing skills, that’s undeniably an advantage.” “Everything depends on the job and the position one occupies, but documents and emails for meetings and staff circulars are in English. The presence of a foreign employee is also an opportunity to take the initiative of speaking in English. Since English became our official language, the number of foreign employees has risen sharply. With the English filter applied, some brilliant female recruits from other countries have joined us,” a male employee in his forties notes with approval.

“We’ve begun recruiting highly skilled non-Japanese labour,” he continues. “Recruits from the domestic labour market, which used to number about 70,000, have fallen by about half, while candidates from other countries have increased to 10,000.”

Those who use English most frequently at Rakuten are the engineers. The reason is simple: development teams are now multinational entities. Engineers living in Japan pass work to engineers working in the United States, who then transfer it to their counterparts in India, and so on. Work goes on without interruption around the clock, following the daylight hours around the planet. That’s why English is a vital medium of communication, and all the more so because these brilliant engineers, whatever their nationality, are in a situation of permanent competition. This is an important change.

“There are many foreigners who love Japan and its companies, but they won’t go so far as to learn Japanese to find a job. But in the case of Rakuten, the news that English is ‘legal tender’ has spread in student circles beyond the confines of Japan; and many graduates from Harvard and Stanford have joined us,” notes the same employee.

The beginnings of an “English rhapsody”

For recruits joining the company in April 2011, the entry requirement was a minimum of 650 points in the TOEIC exam. That bar has been raised in subsequent years: to 750 points in 2013, and then to 800 points in 2014. For mid-career recruitments, the threshold is also 800 points.

“In our company, when we find ourselves in a public place with a person whose native language is not Japanese, the rule is to speak English; between 300 and 400 graduates fresh from university and with good English skills joined us last year, and this has significantly changed the atmosphere in the office. My work has no connection with English. Before, no one understood a thing at the morning meetings in English, but I get the impression that about 20% understand now. Even if they say they [still] don’t understand, the level has clearly improved compared with before,” commented a male employee aged 40.

Another employee, aged around 20, entered Rakuten after its announcement that it was making English its official language in 2010: “It’s not only because we can work abroad, and having foreign colleagues simply has cachet. But I [also] realized there were no longer any limitations on selection. (...) I use English a little when I have to write daily reports. At present, without actually studying it, I listen to English radio broadcasts in the morning. But I’d like to be able to speak it more.”

It’s an experience which may prove positive for employees who are more receptive to anglicization; but for others, it has been a source of stress. “When they announced they would be making English the official language, my TOEIC grade was barely above 400. Obviously I was afraid, and I paid for a two-

month course at Aeon⁶⁷ out of my own pocket. I worked non-stop to improve my grade,” recalls the 40-year-old male employee already cited. This man’s work has no direct connection with English. Even so, he added, “Two months later, I managed to score over 700 points!” He had never previously studied English. “In the train I revised vocabulary and transcribed the English I heard, over and over. Even without English, I hardly had time to sleep because of my work. With English, it was really very difficult,” he continued.

Driven into a corner, employees have devised strategies. “As the company enrolls us collectively for the exams, we can sometimes do the TOEIC once a fortnight, and that’s when you realize the same questions come up again and again at random.” One engineer who had secretly noted down the numbers of the questions analysed them for a pattern and discovered something. “There were only seven standard answers. A list of these ready-made answers then appeared out of nowhere. At one point there was a sudden spike in the average grade, but the scam was exposed [laughter] and now it’s difficult to get points again.”

Leaving the company because of English... or joining the company thanks to it

Young people tend to adapt better to change. But it’s easy to imagine how difficult it must have been for older employees to make the stipulated grade of 800 points before July 2012.

“Some people were really in trouble. In the end we said to them, *Don’t work! Study!* They were confined in a hotel, doing two exams a day, and they managed to make the grade just in time,” declared a female employee aged around 20.

⁶⁷ Not to be confused with the retail chain of the same name; this Aeon is one of the four leading *eikawa* (conversation schools) originally established in Japan.

In conditions like these, those who were vigorously opposed to anglicization were quick to leave the company. “The fact is some brilliant businessmen and engineers resigned. Some people raised the question of these departures with the chairman via the company’s internal social networking platform. The chairman’s answer was that those so-called brilliant businessmen were a shower of good-for-nothings,” she added with a bitter laugh.

“Then again, some employees put every effort into their studies, with the intention of resigning as soon as they’d acquired a reasonable command of English: they used the training as a way of putting another feather in their cap, so they could find another job,” she claims. According to this interviewee, some employees were refused promotion, despite their good work, with others even being demoted – and all because of their poor English. Since the required TOEIC grade is reviewed every six months, there’s no time to relax. “Sometimes the TOEIC exams overlap with work, and then it’s very difficult,” notes a male employee aged around 20.

And then there are employees with a good command of English but no particular abilities in anything else. “Among the employees recruited in mid-career, the ones who got into university via the admission office (AO *nyūken*)⁶⁸, the ones who got their degrees abroad and the children of Japanese expatriates, there are definitely a number of ‘English idiots’ (*eigobaka*): [they speak English but] have no firm command of the Japanese language, don’t know how to think in Japanese, or don’t make much of a contribution,” declared a male employee aged around thirty. “Every year, someone speaks out complaining that this year’s recruits don’t know how to do anything

⁶⁸ In other words, they were admitted on assessment and not thanks to the results obtained in their entrance examinations (*nyūgakushiken*).

except speak English, but most people, by working, produce results,” said a male employee aged around forty.

Salary structures have changed since that year. “Until now, demotion meant a salary cut, but if poor English was the cause of demotion they were granted a reprieve and, conversely, an employee who can’t be promoted because of poor English may receive a salary increase equivalent to a promotion. I think management looked at the repercussions closely,” says the same interviewee.

And now we turn to Uniqlo, a company which operates in a different business with different working conditions.

Tenth in the order of priorities?

“Right now, in my workplace, I’m not doing anything connected with English, so nothing’s going to happen to me.” At least that’s what a 20-year-old store manager with Fast Retailing, the parent company of Uniqlo, thought at first. “Even if you’re put in charge of the metropolitan area of Tokyo you get very few foreign customers, so the days we hear English are few and far between. We aren’t even forced to learn English. Besides that, very few people in senior management know how to speak English and I don’t think they even want to. The truth is, I’ve too much work. In the order of priorities of a store manager, English comes in at tenth place,” he continues.

At Uniqlo, English is directed at store managers and middle management; at the company’s head office, all personnel, including administrative staff, have to learn English. The company operates two programmes: programme N, which is for transfers to foreign countries, and programme R, which is for changes of position within Japan. The English content of both programmes is similar.

Managerial personnel and store managers must sit the TOEIC exam twice a year. As this is a professional obligation, tuition is paid for by the company. At first, there were plans to refuse promotion or pay rises to employees who scored under 470 points, but this condition was soon relaxed. Day-to-day work was the main reason. "I'm scarcely able to get my routine work finished, and if you work on holidays you get reprimanded. Everyone's resigned to taking their computers home with them. All my staff, about twenty people, work here on an *arubaito* basis."⁶⁹

The speaker is a young employee of Uniqlo. "Since English was declared the official working language, the amount of personnel looking for a position abroad has certainly increased. New recruits are largely foreigners or Japanese who did their studies outside Japan. And with the obligation to take the TOEIC exams, our relationship with English has changed considerably."

The increase in the number of foreign colleagues has caused resentment among many Uniqlo employees, just as is has in Rakuten. "While Japanese companies have different recruitment procedures for foreigners and Japanese (including Japanese nationals sent abroad), at Uniqlo they're evaluated by the same criteria, and many foreign employees appreciate that," claimed the same speaker.

"In Japan, the tasks we are charged with do not require us to speak English, and even if I can, I won't get sent abroad if I don't do my job well. My priority is to improve my performance at work, not study English." Unlike Rakuten, Uniqlo has seen its sales figures rise on the back of performances by its stores outside Japan. "Anyway, the stores are staffed only with *arubaito*, so it's difficult to get people to take on board the English thing."

Work before TOEIC

"Work comes first." This was a phrase used repeatedly by another store manager, aged around 30. "At the beginning, when they announced English was becoming official, meetings were held in English at first but they've switched back to Japanese now. Only managerial personnel in direct contact with Mr Yanai always use English. Even when I go to company headquarters, Japanese is used.

Once a month, district supervisors, sales directors and store managers from all over the world get together for two days in a company conference; but Yanai makes his speeches in Japanese. If there's the occasional wisecrack in English, we pretend to laugh [laughter]. People come from different countries and so there's a simultaneous translation in six languages: Japanese, English, Korean, Chinese, Indonesian and Bengali, I think."

English may be the company's official language, but things are different in practice. "The TOEIC grades obtained by employees have not really improved. What I manage to do at the moment is take papers at home, like the CASEC [a test evaluating English communication skills], an exam which is a little easier than the TOEIC. If I don't get a grade of at least 500 points out of 1000 points, I can't sit the TOEIC," says the same interviewee.

"At the beginning, they handed out four books of questions to us and we were even obliged to do an online learning course of 5 hours per week with Berlitz."⁷⁰ The company pays for this course. That way it can monitor the number of hours spent studying, and employees falling short of the weekly quota may be "fined" by being made to pay their

⁶⁹ Part-time work as performed by e.g. students.

⁷⁰ Berlitz provides online language tuition to students of all ages.

own tuition fees. Employees who fail to make the 470-point threshold are gathered in a hotel where expert English instructors give them emergency tuition; according to testimonies, their assistance is irreproachable.

Nevertheless, “the number of employees failing to make the minimum grade of 470 points can reach 70% in certain of the brands owned by Fast Retailing,” notes a male store manager in his thirties. “Speaking for myself, I’ve paid the ‘fine’ of 40,000 yens [approximately 280-300 euros] a few times, but after that I learned how to get round the surveillance: I connect to the Berlitz website and leave my account open for a few hours; the counter works even if I don’t touch the keyboard. I’ve heard stories that some people get their partners to study for them. For the moment, if I can complete my five-hour quota without having to get too involved, that’s fine. I no longer saw Berlitz as an obligation.”

During the first semester, the conditions for promotion were relaxed, and employees performing well in areas other than English could still qualify for promotion. “The large majority of personnel in offices and stores are women, who are raising their children at the same time as they work: they have no time to study when they’re at their desks. So the managers turn a blind eye.”

The difference between anglicization and globalization

As I mentioned above, for companies like Rakuten and Uniqlo anglicization is a way of surviving global competition. If these companies want to be well ranked globally, it’s important that they investigate the causes of language learning difficulties [in Japan]. Taken as a whole, the interviewees tended not to question the progress made by their company in the race to globalization.

Only taking into account the grades obtained in English exams (...) is not the heart of the problem. Japanese companies are in a period of transition and they are still asking themselves how to adjust to the anglicization of business exchanges. It will still take some time for these companies to change into real global enterprises. “Maybe in twenty years’ time the renewal of the company’s personnel will enable this anglicization. Right now, those who protest when they hear of English classes are mostly in their forties or fifties. Recently recruited employees (...) cannot conceive of communicating *without* English, and it’s come to the point where the management of large stores is entrusted to foreigners who are unable to express themselves in Japanese,” declares a store manager in his thirties.

And if these companies had not introduced their regulations on the use of English in their stores and offices, they might perhaps have been unable to recruit foreign employees in the significant numbers they do now. To quote an employee cited earlier: “At Uniqlo, we’re not there yet with anglicization, but the number of countries that can buy our clothes is increasing, and so is the multinational composition of our employees.” And at Rakuten, employees do find a certain appeal in the opening up to the rest of the world that anglicization brings. This transition is symptomatic of the growth strategies of the two companies, and their investments in this area will soon enough be reflected on their balance sheets.



4. Yoshikuni Shin'ichi's Reflections on the "third arrow" of Abenomics: towards a diverse society more open to female employment, [Abenomikusu 'daisan no ya' wokangaeru: josei no katsuyō to daibāshitishakai no jitsugen], *Kin.yūzaiseibijinesu*, n° 10395, March 2014, pp. 16-20. Translated from the Japanese source by Arnaud Grivaud.

Yoshikuni Shin'ichi joined the Bank of Japan in 1973, where after working as an attaché to the IMF for several years he was made the deputy manager of the bank's international bureau and adviser in London. He then joined the Bank for International Settlements (BIS) as general representative for the Asia-Pacific region. He has worked as senior adviser to the brokerage firm Mizuho since 2006. He also lectures at Tokyo's Waseda University, and in 2013 was appointed a visiting professor at Tokyo's National Graduate Institute for Policy Studies.

After gaining ground, little by little, in the wake of the measures taken by the Abe government –

“Abenomics”, as they have come to be known – the Japanese economy has recently been showing signs of weakness. According to the economists, the principal cause of weakness is the government's attitude to the “third arrow” of Abenomics: growth strategy. It's precisely this arrow, which many believe measures the real success of Abenomics, which has failed to hit the target with investors, both Japanese and foreign. But the state is not the key player in Abe's “third arrow”. In principle, economic growth emanates autonomously from the private sector, with the state contenting itself with playing an auxiliary role. [...]

The moment of truth

The first two arrows of Abenomics, quantitative easing and flexible financial policy, were in

⁷¹ “Abenomics”: a portmanteau term combining the name of Japan's current premier with economics.

reality dilatory measures designed to give the third vector, economic growth, time to gain momentum. They were not designed to act at a fundamental level of the economy [...]

Right now, it's become clear that the economy is recovering far more slowly than initially hoped. If the third arrow fails to strike true in the form of concrete measures, Abenomics, which is a hostage to the expectations it has incited, may well run out of steam. [...]

While still chairman of the Bank of Japan, Shirakawa Masaaki remarked that a financial policy which was limited to administering massive injections of money into the economy was not enough to keep inflation in check. He decided, therefore, to take measures designed to kick-start recovery in the private sector. [...]

But the allocation of loans and support funds to consolidate the foundations of growth is no replacement for an actual growth strategy. This strategy can be defined as a response to the dramatic transformations which the Japanese economy is undergoing as a result of globalization, an ageing population, low birth rates, the parlous state of its public finances, and the deterioration in its balance of trade. And neither the government nor the central bank can play the starring role in this strategy. This is the job of the private sector. The role of the state is a necessary one, but it must be limited to increasing fiscal revenue and reducing expenditure to ensure the equilibrium of public finances over the medium and long terms, accelerating deregulation to break the domination of established interests, and providing incentives for the modernization of industry. Nevertheless, we need to be aware that these measures cannot be implemented without a degree of sacrifice. And that's what makes the "third arrow" different from the first two.

***Nadeshiko and Kakushaku*⁷²**

While Japanese growth rates have stagnated in comparison with other developed countries since the turn of the century, this is not because of lower productivity but the "drying up" of the very source of growth: its active population. [...]

As Japan's Prime Minister Abe Shinzō has often repeated, the bow that shoots this third arrow is increased employment for females and seniors. The target: to slow the rate at which the active population is dwindling.

The necessary incentives

Female employment rates are on the increase in Japan, it's true, but they still remain largely behind those of other developed countries. According to an OECD report, Japan occupies 24th place out of 34 member states in female employment rates. What's more, most Japanese working women do not have a permanent employment contract, and of those who are fortunate enough to be an exception only very few women rise to positions of leadership. Here too, Japan has one of the poorest records in the developed world. The Japanese government has set itself the target of increasing female occupancy of positions of leadership to over 30% by 2020; but this is by no means an easy task, for the simple reason that men work too hard. Whether it's because of unpaid overtime, or transfers to regions so remote that taking the family is out of the question, going without a male labour force which shows such a spirit of sacrifice

⁷² *Nadeshiko* means "carnation" but in this instance the term is deployed in its second acceptance, which denotes the Japanese woman (Japan's national female football team is called *Nadeshiko Japan*, for example). This is the sense in which it should be understood here. *Kakushaku* is used of senior citizens who are still full of energy.

to recruit women in their place is not going to be possible without significant increases in labour costs. The fact is, a woman who is not prepared to show so much spirit of sacrifice, or even more, is not going to find it easy to win a managerial position. Mere appeals to improve this situation are not enough.

Shouldn't we be exploring the positive discrimination option, as the United States and Europe have done? Critics have pointed to the discriminatory character of this approach, it's true, and it's now being refined in many places, notably the United States. But if we want to change the deeply rooted traditions and customs of a society, radical measures are necessary, even if temporarily [...]

As mentioned above, the reason women's salaries are lower than men's is that higher female employment rates means higher labour costs. Shouldn't we then be considering fiscal incentives for companies that recruit more women? Corporation tax in Japan is extremely high in comparison to other countries, and many economists have called for reforms in this area. The government and the ruling LDP (Liberal Democratic Party) have indeed announced they are looking into reducing corporation tax. But at a time when VAT is on the increase, proposed reductions in corporation tax are meeting with strong resistance. The entire framework of corporate tax incentives has to be reviewed. Instead of the usual exemption mechanisms, Japan should set concrete thresholds as the conditions for obtaining reductions in corporation tax rates, thereby rewarding efforts for creating a working environment worthy of a developed country. For example, with regard to the promotion of women to managerial positions: basing our argument on the target set by the government, tax breaks could be offered to companies where women occupy at least 30% of managerial positions, or to companies where women accounted for

30% of promotions to managerial positions in the previous fiscal year. Concomitantly, tax breaks should be refused to companies who do not always pay for overtime, a measure which should help break the dependence on employees who are dedicated body and soul to their company; and this would also offer an incentive for women to improve and acquire new skills. What's needed, therefore, is a tax reduction package, *nadeshiko*⁷³, as an incentive to employ women, and tax reductions under the banner of "sharing the work" as an incentive to the elimination of unpaid overtime. If we combine these measures with the elimination of the dependant exemption in income tax, which is currently allocated to taxpayers whose dependant⁷⁴ stays at home or earns fewer than 840 euros per month,⁷⁵ we would be doing much to create a new Japan where women can find fulfilment.⁷⁶

It's possible that ideas of this sort meet with vigorous disapproval from men on permanent employment contracts. In Japanese society, where self-denial and self-sacrifice are raised to the status of virtue, many working men see this state of affairs as quite normal. And it cannot be denied that directors and human resource managers, who tacitly approve of the practice of unpaid overtime (on condition the

⁷³ See the footnote on the previous page.

⁷⁴ Which is the case for the overwhelming majority of women.

⁷⁵ 1,410,000 yens per year (1 € = 140 yens). The rebate is calculated on a sliding scale and may be as high as 2715 euros where one partner earns only €625 per month. Japan's minister of finance has declared his intention to abolish this system, which encourages women to work fewer hours (or not to work more hours, at least) insofar as an increase in joint revenue would lead to a reduction in the tax rebate which the husband qualifies for. This system accounts for a loss in fiscal revenue in the order of 760 billion yen, or approximately 5.4 billion euros.

⁷⁶ Literally: a Japan where women shine. This is one of the slogans of the second Abe cabinet.

employee doesn't work himself to death), tend to appreciate this kind of employee.

In my view, this mentality, which has been deeply ingrained in the Japanese psyche since the epoch of high growth, constitutes not just an obstacle to female employment but also contributes to the widening of the wage gap between employees with permanent contracts and those recruited on a casual basis. And in doing so, it also drives basic salaries down, and that's the principal reason for the enduring deflationary situation.

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