

Minutes of Cross-Party Group on Japan Meeting
Meeting 2: Tuesday 18th June 2019, at Scottish Parliament, Committee Room 5 at 19:15

Attendees:

MSP Attendees

Dean Lockhart MSP (Convenor)
Bill Bowman MSP
Tom Mason MSP
Jamie Halcro Johnston MSP

Speakers

Hisashi Kuboyama (Federation of Small Business)
Kerry Bryson (University of Stirling)
Stuart Hamilton (Scottish Chambers of Commerce)
Neil Francis (Scottish Enterprise)

Non-MSP Member Attendees

Scottish Chambers of Commerce
David Birrell
Asia Scotland Institute
Thomas Heald (Office of Dean Lockhart MSP)
Lesley-Anne Campbell (Office of Dean Lockhart MSP)
Professor Ian Gow OBE (Japan Society of Scotland)

Non-Member Attendees

Mr Nozomu Takoaka (Consul General of Japan)
Mr Takashi Okada (Minister Plenipotentiary and Extraordinary, Japanese Embassy to the United Kingdom)
Ms Masami Fujimoto (Deputy Consul General of Japan)
Alan Johnston (University of Edinburgh)
Gavin Donoghue (University of Edinburgh)
Ken Sutherland (Canon)
Professor Aaron Moore (University of Edinburgh)
Colin Loveday (Scottish Chambers of Commerce)
Cameron Kuwahara (Nikko Asset Management)
Jo Graham (Whisky Ambassador)
Thoms Retford (Consulate General)
Julia McIntyre (Office of Dean Lockhart MSP)

1. Welcome and Apologies

Dean Lockhart MSP (DL) welcomed everyone to the meeting of the Cross Party Group of Japan and apologised for the late start of the meeting which was due to urgent parliamentary business in the chamber.

DL welcomed the Consul General of Japan, Mr Nozomu Takoaka (CG) and the Minister Plenipotentiary and Extraordinary Mr Takashi Okada from the Japanese Embassy in London to the meeting.

DL noted that there were eight apologies for absence: Alexander Stewart MSP, Tracy Black, Russell Dalgleish, Louise Boyd, Takashi Taji, Scott Johnstone, Scott Dalgleish and Michael Graham.

David Birrell (DB) introduced the speakers and the theme for the meeting which was *Developing International Trade Opportunities for Small and Medium Size Enterprises*.

2. Minute of previous meeting

Minute of previous meeting on Wednesday 27th February 2019 was agreed. Proposed by DL, seconded by DB.

3. Guest Speakers

3.1 Mr Hisashi Kuboyama (Federation of Small Business)

Hishashi Kuboyama (HK) from the Federation of Small Business (FSB) gave the group a presentation on Small Business and Exporting to Japan based on research conducted by the FSB.

HK noted that there are 343,535 Small and Medium-sized Enterprises (SMEs) operating in Scotland, providing an estimated 1.2 million jobs. SMEs also accounted for 99.3% of all private sector businesses in 2018. Only 16% of these companies export, and those who do export are high growth, relatively young businesses.

Exporting to Japan from all businesses in Scotland features relatively low on the export numbers, with Scottish exports to Japan worth £530m (1.6%) in 2017 and ranked at 19 in 2017.

HK asked how policy makers could better cultivate SME support to export to Japan.

HK noted the strength of the established UK brand, food and drink and love of Scottish culture as positive indicators for the future. HK also noted that there are many opportunities in life sciences, medicine, defence, renewables/green tech, Tokyo 2020 and a stable diplomatic relationship which provides the framework for UK/Japan relations.

HK outlined the perception of cultural and language barriers for SMEs wanting to export into the Japanese market.

HK that the key to grow export to Japan was to cultivate interest and demand there as most small exporters export because they were asked to do so.

3.2 Kerry Bryson (University of Stirling)

Kerry Bryson (KB) from the University of Stirling spoke to the group about some of the university's success stories and of her recent visit to Tokyo where she spoke at the British Embassy regarding the University of Stirling's relationship with Japan on ageing and dementia care.

KB noted the importance of skype calls and frequent visits to Japan to hold meetings face-to-face.

The meeting was reminded of the importance of Japanese culture in developing trading links and of the cultural barriers which often exist for businesses. In particular, KB mentioned the differences in business etiquette in Japan and hierarchical structures within organisations. SMEs should be more aware of these key differences when reaching out to export.

KB stressed the importance of academic and business collaborations and informed the group that the Japan Scotland Association had offered to host an event in support of the CPG.

3.3 Stuart Hamilton (Scottish Chambers of Commerce)

Stuart Hamilton (SH) from the Scottish Chambers of Commerce briefed the group on the new trade partnership named '*International Trade Partnership 2*' (ITP2)

The Scottish Chambers of Commerce has received a grant in the region of £2 million to fund ITP2 through to the end of March 2022.

ITP2 is aimed at working with smaller SMEs which Scottish Development International (SDI) do not focus on. These included businesses with an annual turnover of £7 million or less.

3.4 Neil Francis (Scottish Enterprise)

Neil Francis (NF) spoke to the group about the importance of collaboration in approaching SME support to export and used the example of the Nippon Foundation.

NF explained that SDI offices are now bases in the British Embassy in Tokyo and can utilise the in-market support provided by the Embassy's large team and expertise.

4. Reflections

4.1 Consul General of Japan, Mr Nozomu Takoaka

The Consul General of Japan (CG) stressed the great potential for success in trade between Scotland and Japan and emphasised the importance of SMEs in the UK and in Japan. CG also noted that this was the first meeting in the new era following the succession of His Majesty the Emperor on 1 May 2019.

CG used the example of the Aberdeenshire company Brewdog as a Scottish success story in Japan and noted that Brewdog had collaborated with an SME whisky distributor to begin exporting and the product can now be found in the most fashionable area of Tokyo.

CG pointed out that Japan needs to accelerate its renewable energy programme and that this is an area of potential for Scottish companies.

4.2 Minister Plenipotentiary and Extraordinary Mr Takashi Okada, Embassy of Japan in the United Kingdom

Mr Takashi Okada (MPE) outlined to the group the importance of recent joint military exercises and joint missions observing North Korea's compliance with UN Security Council resolutions and sanctions in strengthening an already excellent working relationship between the UK and Japan.

MPE set out that the two main challenges currently facing Japan are that of an ageing population and energy provision.

Further areas for potential included improving people's quality of life and the growth of FinTech.

5. Open discussion

There was an open discussion on the actions which can be taken to boost SME involvement in the Japanese market and vice-versa.

Ken Sutherland (KB) from Canon suggested that Scottish SMEs consider investment in Japan where larger companies can provide long-term patient capital.

There was a discussion on cross-university collaboration in boosting Japanese students and make more use of alumni.

Professor Ian Gow OBE (IG) of the Japan Society of Scotland suggested the development of a business ambassador programme which had been used for other high-growth markets.

6. Action Points

HK to provide CPG with ideas on how SMEs can stimulate or identify demand for products in Japan.

IG to discuss with universities the development of a business ambassador programme.

Colin Loveday (CL) to update CPG on his experience of planning business meetings in Japan around the Rugby World Cup.

HK and SH to invite relevant SMEs to future meetings to discuss real life experience of doing business in Japan.

DB to explore plan to organise a business mission around the Olympics in 2020.

7. AOB

DL thanked all for attending the meeting.

8. Date of next meeting

The date for the next meeting was confirmed as being Tuesday 24th September 2019 from 6-8pm.