

## Queen Margrethe II's birthday

## Make Japan a 'winner' nation in Asia

Franz-Michael S. Mellbin  
AMBASSADOR OF DENMARK

Japan and Denmark were both hit hard by the world economic downturn. Both countries poured out huge sums of public money to shore up bank credit and keep the economy moving. The challenge now is that most of the jobs lost during the crisis will not re-emerge in Denmark or Japan. Instead they are lost to low-cost countries as part of corporate cost cutting and the continued restructuring of the world economy. To turn the current crisis into an opportunity, Japan needs to focus on implementing a national strategy for new growth. With its huge industrial base and scientific leadership Japan has the opportunity to be a "winner" nation in a winning region — but both government and industry will have to work hard and be smart to make it happen.

When Denmark's Prime Minister Lars Løkke Rasmussen met with Prime Minister

Yukio Hatoyama over a private dinner in March, the Danish prime minister told how he was challenged by a Danish industrialist who asked: Can Denmark be a winner nation in a loser region?

Of course, if you are the prime minister of Denmark, you have to believe that you can — and that Europe will not be a loser region anyway. Still, the question is relevant; geography matters. And here Japan enjoys an important advantage by being part of Asia, where much of the world's future growth will be.

Japan's industry enjoys a solid reputation for innovation. And regardless of Toyota's latest mishaps, "Made in Japan" still stands for high-quality manufacturing. Japanese brands remain popular across the Asian continent. It's a privileged position.

However, turning the industrialist's question around, it is clear that there is no free lunch: Can you be a loser nation in a winning region?

Unfortunately, yes. Clearly this is a risk that Japan needs to face up to. And this is true for both business and government.



Friendly ties: Danish Prime Minister Lars Løkke Rasmussen meets Prime Minister Yukio Hatoyama in Tokyo on March 8.

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Long gone are the days where foreign researchers flocked to Japan to discover the wonders of Japanese productivity and a U.S. president said that Japan's surplus was the greatest threat to the world economy. China now holds the title of archvillain of the world economy in U.S. politics, while Asia's Tiger Economies continue to take bite after bite of Japan's traditional industrial strong points. South

Korea's success within areas such as shipbuilding, consumer electronics and car manufacturing reflect the challenges that giants Mitsubishi, Sony and Toyota are struggling with. Japan needs to build up new areas of strength.

But it's not only about business shaping up. Politics matters a lot when building a competitive and healthy environment for economic growth. And Japan is a difficult place to be a young entrepreneur and to build a new business. The risk is that if entrepreneurs and companies do not see a future in Japan they will look for it elsewhere. A successful turnaround will therefore also rely heavily on government action and leadership to help Japanese entrepreneurs and companies focus on doing what they do best.

## Green technology

To meet the challenge, both Japan and Denmark are looking at green growth strategies as one way to promote innovation, growth and job creation. In Denmark, the green and clean technology sectors are largest compared to the whole economy, while Japan has many globally leading technologies that the world needs in order to reduce its energy dependency and meet the climate challenge. In both countries green and clean tech exports are growing faster than most other sectors. So the potential is clearly there.

However, we will have to move quickly and decisively if we want to make this sector a future core industry. Lots of other countries are eagerly looking to tap into what promises to be an enormous growth opportunity. And this is true not only for highly industrialized countries such as Germany and the U.S., but also a country such as China.

Here ambitious government goals can help spur and inspire industry to respond positively to the challenge. This is one reason for

Prime Minister Hatoyama's 25 percent carbon dioxide reduction target. The same thinking is behind the Danish government's work on its equally ambitious energy plan, which — if the numbers add up — may include a plan for being free of fossil fuels within a few decades.

To make such ambitious targets work, it is crucial to focus on the most cost-effective routes toward a low-carbon society. Japanese industry is among the most energy-efficient in the world. Trying to get industry to deliver further carbon dioxide reductions will come at a potentially very high marginal cost. At the same time Japan should take advantage of the transformation to make its energy supply and production more robust.

## Cost-effective

One way forward for Japan is to aggressively increase its renewable energy. Introducing large-scale renewable energy is both a cost-effective way to lower carbon dioxide emissions and a long-term investment toward reducing Japan's dependency on energy imports.

The Hatoyama government is currently considering the future role of renewable energy in Japan. I believe that Japan would do well to focus on promoting and introducing a variety of technologies following these core principles:

- Any Japanese energy source is strategically superior to any imported energy source.
- Any renewable technology that has the potential to be commercially competitive is worth supporting.
- Any renewable technology that has the potential to be commercially competitive should have access to the energy network.

Today, several renewable technologies are mature and highly competitive. In Japan, geothermal, biomass and wind farms can provide cost-effective carbon dioxide reductions — with wind having an additional advantage in that it is the only immediately available renewable source that can make a significant contribution toward reducing Japan's carbon dioxide levels by 2020. In addition, wind power holds several green growth and export opportunities for Japanese SMEs (small- and medium-size enterprises) that have not been developed so far due to the lack of a domestic wind market.

Another possible strategy for Japan is to integrate its energy systems much more than it has done previously. For example, 35 percent to 50 percent of all the energy that goes into electricity production in Japan is wasted as heat. In Denmark, we harvest most of this energy to make hot water, heating and cooling systems. Japan should tap into this enormous reservoir of "free" energy, which again could contribute decisively toward meeting the government's 25 percent target and make a big dent in Japan's energy imports at the same time.

With its huge industrial base and scientific leadership Japan has the opportunity to be a winner nation in a winning region if it succeeds in moving quickly and decisively toward revitalizing its core competitive advantages: efficient production; leading research and technology; highly educated and motivated people; and a legendary sense of quality and care for details.



Queen Margrethe II of Denmark TINE HARDEN

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## Meet the 'Roligans'

There is of course more to life than just politics and the two prime ministers also tried to predict their national team's chances at the World Cup soccer tournament in

South Africa in June and July. In fact, Japan and Denmark will meet each other June 24 in a match that very likely will decide if either team will continue in the tournament. With the Netherlands a likely favorite to win the group, Denmark, Cameroon and Japan will be fighting hard to secure the last slot to advance to the next round.

The match will be a fun and exciting event, and the Danish Embassy is doing its best to prepare the Japanese for the event. We have set up both a Web page within the official embassy Web site with a blog on the match and all the Danish players, as well as a Mixi group for supporters of the Danish national team. We are also making several videos with small stunts, interviews and special fan messages leading up to the match. Finally, a Japanese pop group is going to produce a re-make of the Danish soccer song "Re-Sepp-ten."

A special aspect of Danish soccer culture is the Roligans. A family-based soccer movement that started in Denmark in the 1980s to protest the increasing hooliganism that was spreading like the plague throughout Europe. Since then the Roligans have followed the Danish national team everywhere — including Japan in 2002. And today there is an active group of Japanese Roligans in Wakayama.

On the day of the match we will have a great soccer party at the embassy. I am sure it will be great fun — and I hope that you will join in following the Japanese team on its quest and that we will see some great soccer in South Africa. And if you want to join our small Mixi group you are more than welcome!

Finally, I would like to thank The Japan Times for giving me — on the occasion of the birthday of Her Majesty Queen Margrethe II of Denmark — the opportunity to tell you about the relations between Japan and Denmark.



"Bikeology": Danish Ambassador Franz-Michael S. Mellbin travels to nine cities in Japan by bicycle in May 2009 during the COP 15 Cycling Tour to create awareness in Japan of the U.N. climate change meeting in Copenhagen (COP 15).



Prevention: Danish Ambassador Franz-Michael S. Mellbin and supporters stage a protest against nuclear proliferation from the top of Mount Fuji.

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