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## Japan's love affair with Alsace grows stronger

After 150 years, French region continues to attract Japanese companies

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A market square at Kientzheim, Alsace, in eastern France (Photo by Tom Vater)

"If a Japanese company wants to get off the ground in France, it will move to Paris," says Japanese entrepreneur Kentaro Kitajima. "If it wants to access the European market, it will settle in Alsace."

Kitajima began traveling to France to find new markets for MF, an Osaka company that produces protective materials for construction sites. The young businessman from Tokyo had previously studied in France, spoke French and loved French culture. He even named his son Alain after the French actor Alain Delon, whose performance in the 1967 movie "The Last Adventure" he admired.

"It was natural I was sent to Paris to expand my company's activities. But at the annual Batimat trade fair in 2013, I was approached by a representative of the Alsace development agency," said Kitajima. "I had been told that the people of Alsace were very serious, straightforward, and that their mentality was quite close to ours."

"When I met people from the region I found this to be true, especially when it came to working culture. And the region lies at the crossroads of Europe, it was perfectly located on a logistical level."



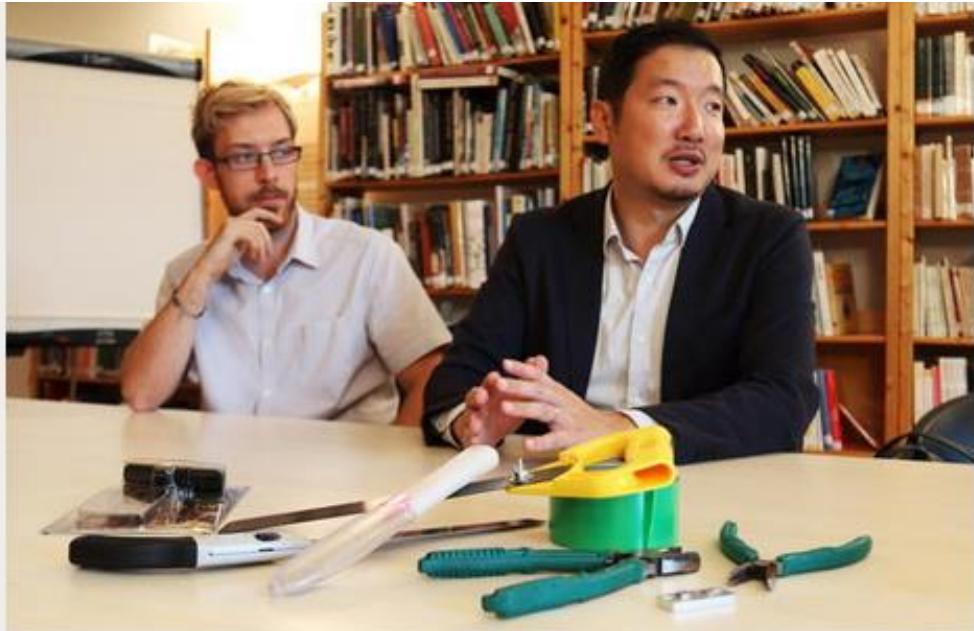
Vineyards stretching to the Haut-Koenigsbourg, the best known castle in Alsace (Photo by Tom Vater)

MF opened an office in Alsace in 2014 with the help of the European Center for Japanese Studies in Alsace -- known by its French initials as CEEJA -- which was created in 2001 to promote cultural, academic and economic relationships between this thriving region in eastern France and Japan.

"For the next two years, I was selling my company's products across Europe. But in 2016 ... MF pulled all its Japanese employees out of France," Kitajima said. "I had already invested so much in France. I liked it here and there is a Japanese community in Alsace. It would have been a shame to leave; there is potential for development here."

Kitajima quit his job and launched Bank of Japanese Products, an importing company, with Benjamin Dany, a local partner. "I created this company to import the best and most innovative products from Japan, including some from my old company," he said. "We sell everything except food. CEEJA really helped us get off the ground."





Founding partners of Bank of Japanese Products, Benjamin Dany and Kentaro Kitajima (Photo by Tom Vater)

CEEJA is based in Kientzheim, a picturesque medieval village in a winemaking area, but at first sight a somewhat unlikely location to start a European-Asian bond. However, Alsace, a region of fewer than 2 million inhabitants, has been cultivating a prolific economic and cultural relationship with Japan for more than 150 years.

"Following the Meiji Revolution in the 1860s, which opened Japan to the world, traders started traveling to Europe to look for modern machinery to produce clothing," said Andre Klein, a former president of CEEJA, who is known in Alsace as "Monsieur Japon."

In 1863, merchants from Osaka arrived in Mulhouse, an Alsatian city, which was then a world leader in industrial textile production. The traders brought Japanese designs to be printed on local wool. A year later the resulting products arrived in Japan by boat and were used to make kimonos and winter clothes.



Andre Klein, "Mister Japan," former president of the European Center for Japanese Studies in Alsace (Photo by Tom Vater)

## Inspiration

The original designs are now on display at the Museum of Printed Textiles in Mulhouse. "For the first time, Europeans had the opportunity to discover Japanese art, which inspired several 19th-century art movements, including Impressionism and Art Nouveau," said Klein, a former managing director of the Comite d'action economique du Haut-Rhin, an economic development agency for southern Alsace.

Klein was a key figure in the revival of the economic and cultural relationship between Japan and Alsace after World War II. "I first traveled to Japan in 1980, to find opportunities for businesses from Alsace in emerging markets," he said. "At that time we were not aware of the incredible economic boom in Japan, so after my trip, I set up permanent offices for Alsace in Tokyo and Nagoya. The only Europeans active in Japan then were the British."

In the following years, Sony, Ricoh, Sharp, Yamaha, Mitsubishi Heavy Industries and many other companies established a presence in Alsace, and a large number of Japanese managers moved to the region throughout the 1980s and 1990s. Today, 21 Japanese companies run factories in Alsace, manufacturing a wide range of products including automobile parts, textiles, computer technology and pharmaceuticals.

Japan also made inroads in Alsace on the diplomatic and academic fronts. Strasbourg, the region's capital, boasts a Japanese consulate, and the city's university has a Japanese studies department from which 400 students graduate every year, fluent in Japanese.



The existing Japanese library at CEEJA in Kientzheim (Photo by Tom Vater)





"We've entered a new era," said Klein. "With the technology transfer [by incoming companies] complete, many Japanese expatriates have returned home, and large Japanese businesses are managed by local employees. Now it is small and mid-sized Japanese enterprises who have their eye on Europe. It's difficult for these companies to start up in France as they don't have the investment means of the large corporations. CEEJA offers a linguistic, cultural and economic environment friendly to Japanese needs."

In 2015, CEEJA created a business incubator to provide cheap office space and Japanese-speaking assistants, helping employees to find their feet in France and offering Japanese companies a jumping off point into the European and African markets during the difficult first two years of operation in the region.

The latest Japanese company to set up shop using these services is Asahi Seiki Manufacturing from Nagoya, which is based in the CEEJA premises in Kientzheim. "The manager of Mitsubishi in Mulhouse told my CEO to take a look at CEEJA's initiatives. It was love at first sight and we opened an office at CEEJA in April 2017," said Manabu Sakai, the company's commercial director. "We're here to do market research into the viability of selling some of our products -- machine parts for the automobile industry -- in central Europe."



Offices of Asahi Seiki Manufacturing at CEEJA in Kientzheim (Photo by Tom Vater)



Sakai added: "It took me a couple of months to understand French labor laws and workers' rights. The French have a 35-hour week, overtime is paid, there are a lot of holidays. It was difficult and surprising to work in this environment. But if my company wants to conquer the market in Europe, we should not think like a Japanese company. Rather, we should adapt to the local context. This is a great market."

According to French government data, Japan was France's 11th-largest source of imports in 2016, with a bilateral trade surplus in Japan's favor of 3.14 billion euros (\$3.7 billion). Japan was also France's second-largest trading partner in Asia, the ninth-largest foreign investor, and the largest Asian investor, with accumulated foreign direct investment of 14.5 billion euros in 2016. France had accumulated FDI of 28 billion euros in Japan, making Japan the 10th-largest destination for French FDI.

### **Brexit "winners"**

Sakai said Brexit, the U.K.'s plan to leave the European Union in 2019, was also a factor in Asahi Seiki Manufacturing's decision to establish itself in France, which will remain a leading EU member state. "There is no incentive to invest in the British market. We need the CE marking, an EU marketing logo, to export our products across Europe. If England leaves the EU, selling our products [across Europe] will be too complicated as norms are likely to change, and as business people we need certainties," said Sakai.

Virginie Fermaud, a graduate in Japanese studies who is the current director of CEEJA, said Brexit would give France an advantage in dealing with Japan. "In October 2016, we had a meeting with representatives of the Japanese Ministry of Economy. They are worried about Brexit. The U.K. is planning to leave a system that is about to become much more straightforward, with a new free market Europe-Japan agreement," she said.

Kientzheim is also about to experience a major renaissance in Japanese cultural influence. In early 2018, the French government will sell a stately 18th-century building adjacent to CEEJA's premises to the Japanese government for a nominal fee of 1 euro. The elegant, sprawling former monastery and high school is about to become Project Takumi, a new center for the restoration of Japanese arts -- a brainchild of Seiichi Kondo, a former commissioner of the Agency for Cultural Affairs in Japan.





An 18th-century former monastery, which will be converted to become Project Takumi in 2018  
(Photo by Tom Vater)



"The Japanese government and several American cultural foundations have agreed on a 50 million euros investment," said Fermaud. "The museums in Europe are full of Japanese artifacts that are in dire need of restoration. The center will bring Japanese masters in their respective crafts to help museums identify what's in their collections, to restore the artifacts and to train locals to take over this work."

The Takumi Project building will also house a library of about 160,000 titles about Japan, gifted by Erich Pauer, a German expert in Japanese economics and his wife Regine Mathias, a specialist in Japanese history.

"The library will be open to the public and will carry volumes on economy, sociology, history, technology and art. The oldest title of the collection dates back to 1647. It will be the largest library of Japanese knowledge and art in Europe," said Fermaud.

Sakai sees a bright future for continued cooperation between Japan and this quiet corner of France. "France and Germany are the economic pillars of Europe, and we are confident that the business environment will stay attractive," he said. "Our market lies in France, Germany, Switzerland and Italy. Alsace is the perfect location from where to reach all these countries."