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## 11<sup>th</sup> EUROPE-JAPAN CONFERENCE

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### SESSION 1 – FOSTERING YOUNG ENTREPRENEURS/INNOVATION

The very title of this session appears to be questionable: entrepreneurship is not so much something related to an age than to a state of mind. One of the participants compared entrepreneurship with Christopher Columbus's journey: although you may have a precise destination in mind, once you have at last reached safe ground, it is unlikely that you have arrived where you wanted to go in the first place. Indeed, what matters most is not the idea, but the realization of that idea: everyone has ideas, everyone may have the same idea at the same time – the successful entrepreneur is the one who will turn it into an actual project. Now, how can we foster entrepreneurship? Greater flexibility, a risk-taking rewarding tax system, and a fitting regulatory framework do have a role to play, but the emphasis was especially put to education excellence and better synergy between Universities and Business – as it is the case in the Silicon Valley, and also in Switzerland.

As to innovation, one of the first points raised was the tension between consensus and innovation: although consensus may foster efficiency, but diversity fosters innovation. A certain consensus-seeking method in Japan – すりあわせ, suri-awase – has hitherto been a key factor for Japan's success story. However, it is precisely what is now undermining its capacity to innovate. Some participants advocated for a shift to open innovation, a more horizontal, network-like process allowing ideas to circulate, as well as more flexibility in human resources management. Furthermore, Japanese monoculture was repeatedly pointed out as an important weakness for Japan's innovation capacity. This of course has to do with Japan's insularity: unlike in Europe and the U.S.A., there is no “melting pot” at all, and diversity is difficult to accept for Japanese people, an issue that can be solved by some changes in Japanese education. However, each country has to leverage its own strong points to foster innovation, and should not try to mimic others. Eventually, all participants agreed on the need for a particular type of innovation: social innovation. There are indeed a lot of business opportunities in this field, and business's task is also to help build a better society. Even in classical firms, the ultimate purpose should not be profit; the ultimate purpose is the happiness of both the employees and the customers.

## SESSION 2 – BACK TO ECONOMIC GROWTH?

Although the economical situations of Europe and Japan are different, they do have one thing in common: they are not what they appear to be.

In Japan, after years of stagnation, the economy is finally bouncing back, and “Abenomics” seem to have achieved at least some of its goals. However, there are deep, creeping issues that will undermine economic growth in the years to come. Aging population resulting in labor shortage, the bond market crisis, and the bubble economy are looming dangers. As to demography though, a Japanese participant argued that France could be a source of inspiration for Japanese policy-makers: in particular good childcare, almost free university tuition fees, as well as working time regulation, more favorable to family life.

In Europe, although all indicators should make us optimistic, the growing uncertainties we are facing prevent us from making any clear-cut diagnosis. The measures Europeans are to take will depend on the Europeans' future governance: will the E.U. benefit from the Brexit shock and increase its coherence? will it collapse? or, most likely, will it remain as it is now? The political climate can make us fear the worst. Although politicians have ambitious reform programs, it is unclear whether the short-termism and populism pervading the populations will allow them to do anything. Actually, the lines of European politics are moving: the *summa divisio* is no more between right and left, but between those who are opened to the world and those who are deeply entrenched in their national traditions. However, the vast majority of people belong to neither of those two categories: they are merely skeptical, and therefore need to be convinced. Fortunately, despite the politicians tending to fail on those matters, private initiatives could play an important role in the years to come, especially in the field of education. Tutorships by large corporations in underprivileged neighborhoods for instance are to be encouraged, so that they help disadvantaged people to be more self-confident.

Eventually, several participants pointed out that while the G.D.P. remains an important indicator, there is a need for a more inclusive definition of national growth and wealth (Human capital, social capital, etc.).

## SESSION 3 – COOPERATION IN EMERGING COUNTRIES

Japan and Europe have a lot in common when it comes to the relationship with emerging countries. For one, they are the most generous donors in terms of foreign aid; and now they have to face a paradigm shift: the rise of China, and the growing importance of the Asian Investment Bank.

Africa was at the center of the discussion. Africa is a high potential growth continent, full of business opportunities, which both Japan and Europe ought to target efficiently as soon as possible. Yet Japanese investors still have trouble to go into business with Africa: among the most important difficulties are those related to poor financial

services (especially high interest rate) and the lack of qualified human resources. Moreover, although in a fast growth mode, African economies are still rather vulnerable, and need to set up non-natural resources-based industries, as well as to find a sustainable growth model which can meet the standards of the COP21. Besides, a major, short-term challenge awaits Africa: the need to absorb its huge workforce before any business transfer from developed countries. This requires the creation of the right labor incentives, especially in the manufacturing field, so that there can be homegrown and owned business in Africa.

As to the issue of the business strategy firms should adopt in Africa, a common sense yet innovative answer was found: we need to sell Africans what they need. This means that developed countries should start considering Africa as a market *per se*: create a supply which matches an actual African demand, and not just sell in Africa what could not be sold in developed countries. This requires a good knowledge of each African country, and sometimes of regions and ethnic groups within those countries. And beyond “economic knowledge”, “cultural knowledge” of Africa would be a useful tool, which could be made available by an africanisation of human resources – which, in Europe, could be done through a better management of the African diaspora.

Finally, it was said that Japan and Europe, should work together in Africa. Some sectors, especially the energy field, are full of opportunities for Franco-Japanese cooperation. France and Japan should also try and tackle together the issue of the emergence of China as a new major actor in the continent, and adopt an common stand towards it; maybe even try not to see China so much as an enemy than as a potential partner.

#### **SESSION 4 – BACK TO NATIONALISM IN FAR EAST ASIA AND EUROPE?**

The word “nationalism” does not have exactly the same meaning in the European and the Far East Asian contexts.

In Europe, “populism” seems to be the new avatar of nationalism – a French participant suggested that we were maybe using “populism” as a euphemism. Populism is arguably a tricky concept. It was said that populism could be understood through a metaphor: populism is a drunken man unexpectedly attending an official dinner. Populism speaks loud and crudely, and appeals to the masses, whereas it looks disgusting for the elite. Nonetheless, not all of its proposals are insane; and whether they are insane is not always a relevant question – populism exists, and deserves to be listened to. The unfolding of the concept of “populism” reveals a series of paradoxes, which all point at a simple, yet difficult to admit conclusion: as long as we live in a democracy, we have to live with populism. Now the question is how we can cope with that, and how we can still try and fight populism. For this we will need political courage; more transparency, which can be attained through the use of big data technologies; efficient fact-checking tools, to avoid that populists disseminate false information; and finally more budget margin, so that the State government can help those who suffer the most from the changes induced by globalization.

In Asia, the focus is not on populism, but on nationalism: growing rivalry in South East Asia, especially between China and its neighbors. Although China cannot be said to be really aggressive, but it is undoubtedly expanding, at the expense of its surrounding countries. But how is China doing right now? It is well known that it experiences some difficulties. And beyond the slowdown of its economy, there are a series of structural problems which could be the seeds of great instability: high inequality, environmental issues, and too weak R&D. Nationalism, especially anti-Japan nationalism – due to historical issues – is arguably being used by the Chinese government and the Communist Party as a mean to keep the population quiet. Improvement in Japanese military capacities is but a normal reaction to this creeping Chinese threat.

## CONCLUSION

One word has been pervading the discussion of this 11<sup>th</sup> Europe-Japan Conference: “humanity”. Business is not about making money, but about making employers and customers happy. In Africa and in the rest of the world, we should not only try to sell the surplus of the production of our countries, but adjust it to the basic needs of the African population. GDP is not fit for to describe happiness in our country, human capital indicators should be added.

As far as politics is concerned, both Europeans and Japanese are on the same page: a general dissatisfaction with politicians, who dramatically lack pedagogy. But at the same time, there is a slight tendency to criticize the population. We would like the people to be more intelligent, more respectful of the elite... However, in a democracy, you can change the governors, but you cannot change the people. Fortunately, even though governments grow weaker, we have new stakeholders: cities and regions, firms, NGOs, and, in short, civil society. We need a vision to move forward, but we cannot wait for a providential man to provide us with this vision: this should be the work of both the elite and the citizens.

When it comes to culture, the benefits of diversity have been emphasized. One very interesting idea is that consensus is freezing innovation. Innovators, the explorers of the future, are like Columbus, leaving in the dark looking for India, and finally landing in America. The idea that we should break free from absolute consensus, that we should prefer networks, horizontal structures was another important point. Moreover, while technical innovation is indeed important, one way or the other you have to mix it with social innovation. Innovation does not solely rely on the job of engineers: innovation is a complex human activity.

On the economical dimension, there is a need for positive action, and one field French and Japanese can work together is energy: the climate challenge provides beautiful opportunities for Japanese companies, in advanced economies, but also in Africa, or China.

Finally, in this kind of bilateral meetings, there is always a “ghost”. In this case, the ghost was China. China is, and will remain an economical power that we will have to deal with, and that Japan in particular has to deal with in the Pacific. However, to conclude on China, we can say that it is utterly non-existent in the cultural field, while Japan's culture is blooming and enjoys greater and greater success around the world.