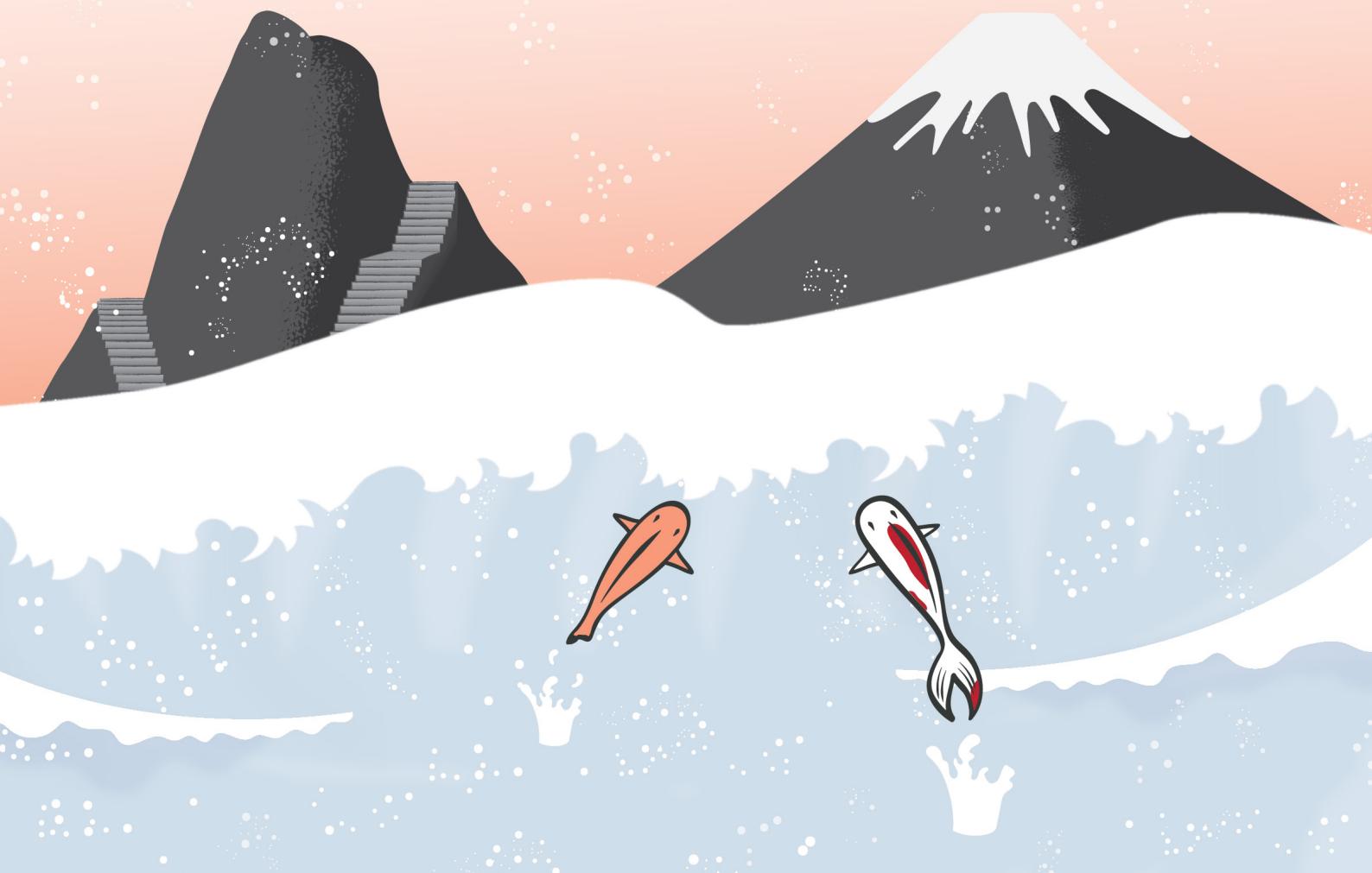




An Roinn Gnóthaí Eachtracha
agus Trádála
Department of Foreign Affairs
and Trade

Celebrating 60 Years Ireland - Japan Diplomatic Relations



The Institute of International and European Affairs

Tel: (353) 1-874 6756 : Fax: (353) 1- 878 6880

www.iiea.com
e-mail: reception@iiea.com

8 North Great Georges Street,
Dublin 1,
Ireland



The Institute of International and European Affairs (IIEA) is Ireland's leading international affairs think tank. Founded in 1991, its mission is to foster and shape political, policy and public discourse in order to broaden awareness of international and European issues in Ireland and contribute to more informed strategic decisions by political, business and civil society leaders.

The IIEA is independent of government and all political parties and is a not-for profit organisation with charitable status. In January 2015, the Global Go To Think Tank Index ranked the IIEA as Ireland's top think tank.

© Institute of International and European Affairs, January 2017
Graphic design, layout, typography by Aisling Sinclair.
Printed by Swift Print Solutions, Dublin

Celebrating 60 Years
Ireland - Japan Diplomatic Relations

Contents

02

Introduction

08

Political Relations

14

Economics

22

Trade and
Investment

34

Tourism

38

Education

44

Culture

52

Conclusion

56

Annex: Ireland-Japan
Trade Relations

02

Introduction

On 5 March 2017, Ireland and Japan will celebrate the 60th anniversary of the establishment of diplomatic relations. It is a time for reflection and celebration, as in the Japanese tradition sixty years, *kanreki*, symbolises the end of one cycle and the beginning of another. It therefore presents an important opportunity to reflect on the development of relations thus far, and how they can be deepened.

To celebrate the anniversary, this report maps the development of Ireland-Japan relations across economics, trade and investment, tourism, education, culture and political relations. It makes recommendations as to how ties between Ireland and Japan can be enhanced, and examines how challenges impinging upon the further development of Ireland-Japan relations can be overcome.

Ireland and Japan have enjoyed a fruitful relationship over the last sixty years, with numerous success stories, but as this report will outline there are further opportunities to explore to bring the relationship to a new and deeper level.

Japan and Ireland are two ancient island nations lying at the extremes of the Eurasian land-mass, one at the Western edge and the other at the Eastern. There are those



President Mary McAleese and her husband Martin McAleese meet with Emperor Akihito and Empress Michiko at Áras an Uachtaráin in 2005

who think that such geographical peculiarity has resulted in some psychological commonality, as who should say that island peoples looking to a large continental land-mass develop like attitudes in some respects. Many Japanese, for example, are struck by the similarity in sensibility between early Irish poetry and the Japanese *waka*, indeed, Japanese artistic sensibility more generally. It would in fact be true to say that not only Japanese have noted this. There is a similar focus on certain natural features - trees, rocks, small animals and birds. The genesis of such sensibility is of course different in each case. But it is striking enough to have been remarked on often. However that may be, it is certain that the Japanese and Irish peoples had, during quite the largest part of their histories, very little contact with or knowledge of each other.

Separated by thousands of miles, the earliest record of contact between these two islands is 1704 when Robert Jansen, an Irish sailor arrived on Kyushu, the southern island of Japan. This occurred during the period of *sakoku*, or closed country, in Japan. Jansen was accordingly imprisoned and in due course expelled from Japan. This first contact preceded the opening of Japan to the rest of the world, which occurred at the Meiji Restoration in the second half of the 19th century.

A central figure in this was Patrick Lafcadio Hearn, 1850-1904, born in Lefkada (after which he was named) in

the Greek Ionian islands of an Irish father and a Greek mother. Generally known now as Lafcadio Hearn, he came to Japan first in 1890 as a journalist, after a very colourful life which took him to England, France, the US and the West Indies. Through the offices of Basil Hall Chamberlain, one of the greatest interpreters of Japan to the West of the early opening period, Hearn found employment in Matsue, in Shimane Prefecture in Western Japan, where the Lafcadio Hearn Memorial Museum and his old residence are still prominent tourist attractions. He married a Japanese woman and eventually became so acclimatised that he assumed the Japanese name, Koizumi Yakumo, by which he is best known in Japan today. He was one of the main popularisers of Japan in the English-speaking world, through works such as *Kwaidan: Stories and Studies of Strange Things*. The emphasis was very much on the strange, but Hearn's approach was compelling and earned the admiration of such figures as Ben Hecht and Malcolm Cowley. In June 2013, a garden dedicated to Lafcadio Hearn in Tramore in Co. Waterford was opened by his great grandson Bon Koizumi. Paul Murray, who served in the Irish Embassy to Japan, wrote a biography of Hearn, entitled *A Fantastic Journey: The Life and Literature of Lafcadio Hearn*. This won the Koizumi Yakumo Literary Prize in Japan.

Another influential figure of this early period of Japanese opening was William George Aston, a Derry man



Bon Koizumi, great grandson of Lafcadio Hearn, presents a bonsai tree at the Lafcadio Hearn Memorial Gardens in Tramore in 2015

who studied at Queen's College Belfast. Aston became one of the leading Japanologists of his day, along with Basil Hall Chamberlain and E.M. Satow, pioneers in the British exploration of the newly opened Japan, and facilitators of its developing relations with the UK and the West more generally. Aston accompanied the Iwakura Mission as an interpreter. This was the most significant mission sent abroad by the Meiji administration, which had the threefold aim of beginning the process of renegotiation of the unequal treaties concluded with Western powers; gaining recognition of the newly reinstated imperial dynasty under the Emperor Meiji; and making a comprehensive study of modern industrial, political, military and educational systems in the US and Europe, with a view to adopting those parts of value to Japan. The mission, headed by Iwakura, and including as one of his deputies Kido Takayoshi, visited the US, Britain and the major European countries in 1872-3. Among their ports of call at the end of 1872 was Dublin, under the leadership of Kido. In the course of a very brief tour, Kido and three others of the Mission visited the Bank of Ireland, St Patrick's Cathedral, the Guinness Brewery and the Phoenix Park.

John and Cornelius Collins from Carrigaline in Co. Cork, members of a group of British naval personnel sent to train the new Japanese Navy, landed in Japan in 1873. The brothers later returned to Japan as naval instructors once their Royal Navy tour of duty was over. There they

contributed to the rapid development of Japanese naval capacity which would subsequently see Japanese expansion in China and Korea and would result eventually in the defeat of a Russian naval squadron at Tsushima in 1905. The brothers were conferred with the Order of the Rising Sun for their contribution to Japanese naval development. A further Irish contribution to naval development in Japan was made by the Dublin-born Charles Dickinson West, who arrived in Japan in 1882. He became a notable expert in mechanical and naval engineering at Tokyo University, where a bronze bust in his memory stands today.

The Reverend William Thomas Grey, an Irishman who arrived in Japan in 1905, is known as the father of Japanese hockey, having introduced the sport there during his twelve-year sojourn in Keio. The centenary of his introduction of hockey to Japan was celebrated in 2006.

Thomas Waters, an architect from Birr, Co. Offaly, travelled to Japan in 1864 where he built the new Imperial Mint in Osaka, designed the Imperial Mint in Ginza and rebuilt whole sections of Ginza, perhaps the best-known part of modern Tokyo, drawing inspiration from Georgian architecture.

For much of the 20th century, Irish missionaries were the most prominent Irish people in Japan, where they educated generations of Japanese, creating cultural



Prime Minister Shinzo Abe and his wife Akie Abe are welcomed at Áras an Uachtaráin by President Michael D. Higgins and his wife Sabina Higgins in 2013

and education links and shaping their attitudes to Ireland. Among the most acclaimed of these Irish clerical expatriates in Japan is Dublin-born Jesuit, Fr Donal Doyle, who arrived in Japan in 1958 and has been there for over fifty years. In 1985, he established an Ireland Studies Programme at Sophia University. Two years later, this developed into the Ireland Studies Tour which gave Japanese students a special, personal experience of Ireland and its people. As a result of this work, Ireland has many hundreds of Japanese friends who are influential in business, administration, and the arts. For 26 years, Fr Doyle accompanied groups of Japanese students on this programme to Ireland and was warmly welcomed at Áras an Uachtaráin where the students were graciously received by the President of Ireland at the time: Mary Robinson, Mary McAleese and President Michael D. Higgins. Fr Doyle received the 2015 Business and Education Presidential Distinguished Services Award that recognises remarkable people who have served Ireland with distinction whilst living abroad.

The Columban Fathers, established in 1916 in Ireland, started sending missionaries to Japan in 1948 at the request of the bishops of Tokyo, Yokohama, Osaka and Fukuoka, when Japan was just beginning to recover from the devastation of World War II. Most of the newly arrived Columban priests, who numbered 22 by the end of 1948, were assigned to parishes, ranging from fishing villages to city centres. While the people were busy

rebuilding their devastated country, so, too, Columban missionaries were busy buying sites, building and repairing churches, halls and rectories and teaching in schools.

Eileen Kato, from Co. Mayo, is a renowned translator and expert on Japanese poetry and theatre. She came to Japan in 1958, having married a Japanese diplomat, Yoshiya Kato. After his death in 1991, she was appointed as a *goyagakarito* to Emperor Akihito, a special position on his private staff with duties similar to those of an advisor. She was the first person born outside of Japan to be appointed to this position, which she held for fifteen years.

Sr Paschal O'Sullivan, from Cloughduv, Co. Cork, was a founding teacher of one of Tokyo's most prestigious schools for girls, Denenchofu Futaba, where she remained for 63 years, returning to Ireland in 2010. Since the 1940s, Irish education enjoyed a high reputation for excellence in education at all levels of Japanese society. This reputation for excellence in education and the cultural links which the missionaries built has created a rich foundation for cultural and education exchange between the two countries.

Another figure in fostering Ireland-Japan relations is Dr Tom Hardiman, former Director General of RTÉ (1968-1975), who was awarded the Order of the Rising Sun Gold Star by the Emperor of Japan in 1986 in the con-

Introduction

text of his contribution to the EU-Japan dialogue. He received the Lafcadio Hearn medal in 1995 from the Ireland-Japan Association to mark his contribution to the Ireland-Japan relationship.

Since the establishment of diplomatic relations, three Irish Presidents (Patrick Hillery, Mary Robinson and Mary McAleese) and four Irish Taoisigh (Charles Haughey, Bertie Ahern, Brian Cowen and Enda Kenny) have visited Japan. The high-point of an Taoiseach Enda Kenny's visit to Tokyo was the signing of a *Japan-Ireland Partnership for Innovation and Growth*, which sets out a strategic framework for the development of Ireland-Japan relations over a three year period. As the links with Japan have deepened across a wide variety of sectors, a number of Irish ministers have led diplomatic missions to Japan, including Brian Cowen, then Minister for Foreign Affairs; Micheál Martin, then Minister for Enterprise, Trade and Employment; Dermot Ahern, then Minister for Communications, Marine and Natural Resources; Eoghan Murphy, Minister of State for Financial Services, eGovernment and Public Procurement; and Mary Mitchell O'Connor, Minister for Jobs, Enterprise and Innovation.

The parallel succession of high-level Japanese visits to Ireland culminated most importantly, in 2013, with the visit of Prime Minister Abe, who became the first sitting Japanese Prime Minister to visit Ireland. The high point of his visit was the signing of a *Japan-Ireland Partnership for Innovation and Growth*. At Head of State level, Ireland was honoured to receive Emperor Akihito and Empress Michiko in 1985 and 2005.



An Taoiseach Enda Kenny and Prime Minister Shinzo Abe at the Department of the Taoiseach in 2013

Political Relations

Ireland and Japan are both island nations whose geography has defined their political choices in terms of engaging with the world on a bilateral and multilateral basis. Although cooperation in addressing international challenges is played out mainly in the forum of the United Nations, at a bilateral level, Ireland regards Japan as an important and cherished partner in Asia and fosters its bilateral relations through the diplomatic channels and through regular high level official visits. These relations have been cultivated and promoted especially by the visits of Emperor Akihito and Empress Michiko to Ireland in 2005 and those of an Taoiseach, Enda Kenny to Tokyo in 2013 and of Prime Minister Abe to Dublin in 2013.

During Prime Minister Abe's visit to Dublin in 2013, he and an Taoiseach Enda Kenny exchanged views on regional and international issues. They agreed that coordination between Japan and Europe, which share common interests in supporting stability and progress in Asia, would be important. They also discussed cooperation on reform of the United Nations Security Council and in the field of disarmament and non-proliferation as well as development.

An Taoiseach Enda Kenny and Prime Minister Shinzo Abe met once again in Tokyo on 2 December 2013. At



Emperor Hirohito with President Patrick J. Hillery and his wife Maeve Hillery during President Hillery's state visit to Japan in 1983

their meeting, they agreed that:

The two countries will continue to work closely both in the bilateral and the UN frameworks to promote international peace and security, including bilateral consultations. They will seek various opportunities to work together in order to share experiences and promote best practice in the context of United Nations Peacekeeping around the world.



An Taoiseach Enda Kenny and Prime Minister Shinzo Abe in Dublin in 2013

Ireland became a member of the UN in December 1955. Japan joined that Organisation in December 1956. The obstacle to achieving membership in both cases was a veto by the USSR - both countries were, so to speak, collateral damage victims of the East-West confrontation in the early Cold War period. The death of Stalin and the truce which ended the Korean War in 1953 brought some détente, one of the results of which was the breaking of a log-jam in regard to UN membership. *The Soviet-Japanese Joint Declaration* in 1956 paved the way for an end to the Soviet veto and Japan's membership of the UN, five years after it applied for membership. The Japanese request to establish diplomatic relations with Ireland, made in 1956 and realised in 1957, has to be seen in this context.

And the UN would indeed initially prove to be the main framework for political relations between Ireland and Japan. As a small nation, Ireland attaches great importance to international cooperation under the aegis of the UN. Japan, too, sees international cooperation within the UN as a basic principle of its foreign policy and values the many opportunities for furthering such cooperation in that framework. And thus, Ireland and Japan have often been on the same side in the UN on questions of arms control, disarmament, international peacekeeping and development.

That having been said, there is an important difference, rooted in geopolitical realities, between the basis on

which each country approaches its role in the UN. Ireland's policy is characterised by non-membership of military alliances and strong support of the multilateral system of collective security represented by the UN, which has found expression in participation in many UN peacekeeping missions since 1958.

Japan, on the other hand, has a pacifist Constitution dating from 1947, which did not permit it to have an army, navy or air force and limited it to the creation of the Japanese Self-Defence Forces (JSDF). Threats to Japan's security are addressed through its membership of the UN and through its participation in its Security Treaty with the US, signed in San Francisco in 1951. For most of the subsequent period, Japanese defence expenditure has been conventionally limited to 1 per cent of GDP. Gradually, a more flexible view of the Constitution, Article 9 of which outlaws as far as Japan is concerned war as a means of settling international disputes has been emerging. For example, this constitutional provision has, until recently, been very narrowly interpreted by Tokyo as forbidding any application of military force by Japanese personnel, even as part of a UN peacekeeping operation.

In 1992, the country's peacekeeping law enabled Japan to participate for the first time in UN peacekeeping operations, leading to a deployment of an engineering contingent of the Self-Defence Forces to Cambodia later that year. A number of similar deployments have taken place since. Japan has been successful in implementing its responsibilities and has established a solid reputation for its performance. According to Prime Minister Abe, Japan's contributions have been most effective when working to bridge the gaps between phases of operations or gaps in capacity between the provider and recipient of assistance. In 2013, Japan developed a national security strategy focused on a "proactive contribution to peace". New National Defence Programme Guidelines were established based on Japan's assessment of both the global and regional strategic environments, and focused on specific security challenges both regional and international, including notably terrorism. Japan established a National Security Council in 2014, under which it will approach its collective self-defence in a way that allows it to be active in defence of an ally under attack in a UN peacekeeping operation. In 2015, Prime Minister Abe called for a reinterpretation of Article 9 in terms of permitting collective defence.

2016 marked the 60th anniversary of Japan's membership of the United Nations. Prime Minister Abe expressed his intention at the General Assembly to establish Japan's role as a "peace enabler" and to take a more prominent role in global and regional security. Short of participation of this kind, Japan has in the past contributed generously, in particular financially, to the support of UN peacekeeping operations. In 2015, it shouldered

11 per cent of the UN peacekeeping budget.

An example of this is the deployment of a first batch of 130 troops to South Sudan in November 2016 with the mandate to use force if needed. Overall, it is envisaged that 350 troops will be deployed in line with Japanese security legislation to expand the military's role overseas. The Japanese troops are expected to help the UN peacekeepers to provide security, to protect UN installations and to help build infrastructure in South Sudan. Under new powers granted by their government, they will also be allowed to respond to urgent calls for help from UN staff and aid workers.

Ireland, for its part has been consistently involved in UN peacekeeping since it joined the Organisation. Over 9000 troops and police have served on UN missions since 1958. The largest deployment is in Lebanon where Major General, Michael Beary is currently Head of Mission and Force Commander of the UNIFIL mission. In the past 15 years members of the Irish Defence Forces have served with a number of missions which have been authorised by the UN and led by the EU or NATO, such as EUFOR Chad, which was commanded by Irishman, Lieutenant General Pat Nash.

Cooperation on peacekeeping was one of the areas identified in the Joint Declaration issued by the Taoiseach and Prime Minister Abe in December 2013, since then, and Japanese military personnel have participated at the UN Training School in the Curragh.

Japan and EU Common Security and Defence Policy

Japan also hopes to be more involved in EU Common Security and Defence Policy (CSDP) civilian missions,



An Taoiseach Bertie Ahern meets with Japanese Prime Minister Junichiro Koizumi at the EU-Japan Summit in 2004

where it can provide capacity-building assistance. It sought in the past to exercise influence abroad without exercising military power and was attracted by the possibilities of cooperation in rule of law missions or civilian missions inherent in CSDP. Ireland is seen as a reference point for Japan in this regard, as its contribution to CSDP has been primarily multilateral and civilian. Ireland's status as a neutral/non-militarily aligned country engaging in the EU's "comprehensive approach" to security is seen as complementary to the "all Japan approach" of combining official development assistance with support for peacekeeping.

In 2014, Prime Minister Abe and European Council President Herman van Rompuy, agreed to promote closer cooperation between the EU's CSDP and Japan, including cooperating on the EU's activities for the peace and stability of Republic of Mali, Democratic Republic of the Congo and other countries. Such cooperation is not new. Japan and the EU have been working together to fight piracy off the coast of Somalia and the Gulf of Aden, and cooperating with the UK and France on defence equipment technologies. Maritime Self-Defense Force (MSDF) have provided information to the forces of other states conducting operations in the field, including EU Naval Force (NAVFOR) Somalia-Operation Atalanta, a CSDP military mission that commenced in December 2008. The EU and Japan have provided development assistance to Somalia and surrounding countries, and helped to train local maritime security officials.

As Japan enhances its comprehensive approach to development cooperation under its Development Cooperation Charter along with new and revised security legislation, additional windows of opportunity are opening for cooperation with Europe, particularly in regions of mutual interest such as Africa and Asia. Capacity-building assistance is seen as an important means of empowering local people and institutions, furthering Japan's pursuit of both "freedom from want" and "freedom from fear" to promote human security. As capacity-building assistance is a relatively new area, there may be scope for the EU and Japan to jointly develop policy frameworks for future activities.

UN Security Council Reform

Reform of the composition of the UN Security Council (UNSECCO) with a view to achieving a better reflection of current geopolitical realities as well as better regional balance has been under discussion for many years. Japan has joined Germany, India and Brazil in a so-called 'G4 group' which is lobbying for the creation of six additional permanent seats on the Council (four for the G4 and two for African countries). While Ireland sees some merit in the G4 proposal, it has reservations about any model which would increase the number of permanent members, thereby perpetuating a weak-



An Taoiseach Brian Cowen with Japanese Prime Minister Taro Aso in 2009

ness in the current arrangements and limiting the ability of smaller countries to serve on the Council at regular intervals.

Ireland is a candidate for election to a non-permanent seat on the UN Security Council in June 2020 for the 2021/2022 term. Both countries cooperate closely on this as on other aspects of UN reform and strive to support each other in Security Council elections.

Disarmament and Nuclear Non-Proliferation

As the only country ever to have been the victim of a nuclear attack, Japan places a high priority on nuclear non-proliferation and disarmament. It tables annually a nuclear disarmament resolution in the First Committee of the UN General Assembly which Ireland - and the rest of the EU - supports.

Nuclear non-proliferation is of course a key marker of Ireland's profile in the UN. Ireland was the initiator of the first resolution on nuclear non-proliferation in the UN - the process was launched by Frank Aiken, then Minister for External Affairs in 1958, only three years after acquiring membership. In recognition of this pioneering role, Ireland was the first country to sign the resulting landmark Non-Proliferation Treaty (NPT) in 1968. Japan supported this process and joined the list of co-sponsors in 1968. It signed the NPT in 1970. In a statement made on the occasion of ratification of the Treaty in 1976, Japan expressed the view that the NPT was only a first step, and that it believed that the nuclear weapon states recognised in the Treaty must rectify the implicit discrimination *vis à vis* non-nuclear weapon states in the future "by totally abolishing their nuclear weapons". That was, of course, over forty years ago.



President Mary Robinson lays a wreath in Hiroshima in 1995

In the meantime, the list of nuclear-weapon states has become longer, the newly acceding to that category not bound by the provisions of the NPT.

Japan's continuing focus on this subject was exemplified in relation to Ireland by its support for a major interdisciplinary disarmament and non-proliferation educational symposium held in the Royal Irish Academy and organised by the Department of Foreign Affairs and Trade with the School of History of University College Cork in March 2014. The concern about wider proliferation on nuclear weapons includes most importantly Japan's near neighbour North Korea. The Japanese position today is affected by this new reality, and its call for total abolition is not confined to NPT parties only. Ireland has consistently and unreservedly condemned the nuclear tests conducted by North Korea, which are of acute concern to Japan. Ireland also supports strongly the international sanctions regime aimed at leveraging a change in behaviour on the part of the North Korean government.

The threat to Japan's security and her reliance on the US security umbrella have been crucial factors in determining Japan's approach to Irish initiatives in taking forward multilateral nuclear disarmament negotiations. An example is the landmark resolution to begin negotiations on a treaty to ban nuclear weapons, which was adopted at the UN in October 2016. The initiative was

led by Ireland, Mexico, Brazil, Nigeria and South Africa in the First Committee and was due for adoption by the UN General Assembly by December 2016. Japan voted no to the proposal, arguing that its Government favours consensus-based decision-making and constructive cooperation between nuclear and non-nuclear states, over an approach which might risk polarisation of the parties and loss of verification procedures. However, Japan has indicated that it will be present at the proposed negotiations on advancing this Resolution in Spring 2017.

The Sustainable Development Goals (SDGs)

Japan is one of the most important overall contributors to the UN budget. Its contribution to UN development policy has always been significant and in this it is among a group of like-minded countries of which Ireland is another prominent member.

In 2015, Ireland played a central role in the UN process to agree the Sustainable Development Goals, following the appointment of Ireland's Ambassador to the UN, H.E. David Donoghue, and Kenya's Ambassador to the UN, H.E. Macharia Kamau, to lead the intergovernmental negotiations among the UN's 193 Member States. The negotiations culminated in an agreement on the 2030 Agenda for Sustainable Development which was formally adopted in September 2015 and which set out



President Mary McAleese meets with Emperor Akihito in 2005

new global goals for the period 2015-2030.

Japan was actively involved in the negotiations which led to this agreement. It played on many occasions an informal mediating role, proposing constructive compromises between some of the more intractable positions which were of great assistance to the co-chairs of the negotiations. It urged other Member States to maintain a high level of ambition in framing the new Agenda; it called for adequate private-sector funding alongside traditional ODA; and it sought effective arrangements for monitoring of the progress made worldwide towards achievement of the new Goals.

In 2016, implementation of the SDGs was chosen as the overarching theme for the General Assembly. Subsequent to the negotiations, Prime Minister Abe set up an SDG Promotion Headquarters in Tokyo, chaired by the Prime Minister, to compile implementation guidelines for the Government of Japan. He identified three areas in which Japan would make a contribution: (i) women's participation in developing countries and improvement of the learning environment for 50,000 girls; (ii) provision of \$1.1 billion dollars for international healthcare and (iii) \$6 billion dollars for migration.

Increased protection and support for migrants and refugees were the subject of a special summit at the UN in September 2016. The Ambassadors of Ireland and

Jordan led negotiations which produced a "New York Declaration" on these issues which was adopted at the summit. The main context for this summit was the link between implementation of the SDGs and addressing the challenge posed at global level by large movements of migrants and refugees.

Discussions on the SDGs were continued in 2016 at the Ise-Shima G7 Summit and the Tokyo International Conference of Africa's Development (TICAD), which was held in Africa for the first time.

Economics

Regular and ongoing economic connections between Ireland and Japan have existed for almost 150 years. Despite being islands separated by the enormous extent of the Eurasian landmass, the first age of globalisation in the 19th century saw regular trading connections established between the two countries. This amounted to the geographic widening of the sea-borne trading both islands had been doing with their respective continental hinterlands for millennia.

The Great Depression and the conflicts of the 1930s, '40s and '50s disrupted international trade and investment, and the period was marked by one of deglobalisation. Once these disruptions passed, however, trade and investment recovered in the democratic world, as peace and new international institutions fostered global economic integration. In the second half of the 20th century Ireland and Japan joined the main international organisations underpinning the global trading order at slightly different times.

Japan's integration into the global economy in the 1950s and '60s was rapid as it specialised in increasingly high valued-added manufactured goods, such as automobile manufacturing and consumer electronics. By the 1970s it

	Ireland	Japan
GDP (2015)	€255.8m	€3,866m
Disposable Income per capita (2015)	€21,522	€25,602
GDP growth (2016 estimate)	4.2%	0.6%
Unemployment	7.3% (Nov 2016)	3.0% (Oct 2016)
Population	4.76m (2016)	127.11m (2015)

1. Figures for Ireland are sourced from the Department of Finance and CSO
2. Figures for Japan are sourced from the Japan Statistics Bureau and EU.
3. Disposable Income = OECD average household net-adjusted disposable income per capita

had become the first non-western economy to achieve industrialised high-income status and in 1978 it became the world's second largest economy. Ireland's emergence as a trading nation came somewhat later, and became more marked after joining the European Economic Community (EEC) in 1973. A new, stronger wave of globalisation in the 1990s led to large inflows of foreign direct investment (FDI) to Ireland, mostly with a view to exporting into the EU Single Market.

While both economies in recent decades have taken advantage of the trade and investment opportunities presented by globalisation, they have also faced challenges. In the early 1990s, Japan experienced a deep recession following the bursting of a financial and property bubble. Less than two decades later Ireland experienced a recession caused by much the same factors. Both of these events were highly disruptive and had multiple consequences, including an impact on the bilateral trade and investment relationship. But while both countries face economic challenges, they also have multiple inherent strengths.

Japan's economy is the third largest in the world today. It is home to some of the leading global companies, and is recognised as a hub of world class industry and information services. Its capacity for innovation, as evidenced by its world-leading per capita patenting rates, is second to none. Japan's labour market has long been

well-functioning, with comparatively low levels of unemployment even in times of recession. More recently, the employment rate (the share of the adult population in employment) has risen sharply to 75 per cent, the highest rate on record and one of the highest rates in the OECD.¹

For its part Ireland has become one of the most internationalised economies in the world and is now a hub in the transatlantic economy, with deep trade and in-

Institution	Date Ireland Joined	Date Japan Joined
GATT	22 December 1967	10 September 1955
WTO	1 January 1995	1 January 1995
World Bank	8 August 1957	13 August 1952
IMF	8 August 1957	13 August 1952

¹ OECD labour market statistics. Last accessed from <https://data.oecd.org/emp/employment-rate.htm> on 5 December 2016

Richard Bruton, then Minister for Enterprise, Jobs and Innovation, at a Japan-Ireland Parliamentary Friendship League lunch with Mr Hakubun Shimomura, Minister for Education, Culture, Sports, Science and Technology, in 2013



vestment links both to the EU's Single Market and the United States. A stable environment for investment combined with a well-functioning labour market give the Irish economy a flexibility and adaptability that have allowed it grow rapidly in recent years. Both the Irish and Japanese economies are well-positioned to face their respective challenges and to take the opportunities to deepen their bilateral trade, investment and innovation links.

The Irish and Japanese Economies in the 1990s

The early 1990s saw the Irish economy emerge from a decade of underperformance and high unemployment. Although the recovery that began in the late 1980s was set back by an international recession in the early part of the decade, and aggravated by Europe's exchange rate crisis in 1992, this period was followed in the mid-decade by the first phase of the so-called 'Celtic Tiger'. This phase of rapid economic growth had its foundations in improved competitiveness, better management of the public finances, an effective social partnership arrangement, reforms of the tax system, and investment in education, skills and infrastructure. These

domestic developments coincided with a continued infusion of EU structural funds and, crucially, the launch of the Single Market project. The creation of a large European Single Market became a reality for the then 12 Member States in 1993.

Deeper European economic integration both coincided with, and contributed to, a deepening of global economic integration. Of greatest relevance to Ireland was a surge in foreign direct investment from the US. Although there had been a decades-long history of attracting foreign companies to locate subsidiaries in Ireland, the upsurge in global FDI - flows increased by a factor of 6.5 in the ten years to 2000² - was of great benefit to Ireland. Not only did the influx of foreign companies boost job creation, but the impact on trade was even greater, as most of the newly created subsidiaries were established to export into the Single Market. This was reflected in multi-annual, double-digit growth in exports which resulted in the export to GDP ratio rising from 55 per cent in 1990 to 95 per cent in 2000.³

Ireland's improved competitive position allowed exports to flourish, while the public finances were aided by a

² UNCTAD statistics.

³ World Bank national accounts data, last accessed from <http://data.worldbank.org/indicator/NE.EXP.GNFS.ZS?locations=IE> on 5 December 2016.

combination of spending restraint and the centralised agreements reached between the government and key societal stakeholders. As a result of this virtuous cycle GDP growth averaged 10 per cent in the second half of the 1990s. These were among the highest rates of growth ever recorded in an already-developed economy and of the magnitude enjoyed by Japan at the height of its economic miracle in the 1960s. Of further benefit to trade was the elimination of exchange rate risk with 10 other EU Member States in 1999, when Ireland became a founding member of the euro, Europe's single currency.

While the Irish economy took off in the 1990s, Japan was coming to the end of its post-war economic miracle. The effects of the bursting of a property and stock market bubble in 1989 had repercussions throughout the 1990s, including the lowering of economic growth from the levels enjoyed in the decades following World War II to rates closer to the average in the developed world. Following the crisis, Japan's corporate sector was left with large debts by the crash, which affected their willingness to invest and take on risk. Meanwhile, the country's banks found their ability to contribute to the real economy throughout the 1990s hampered by the large amounts of non-performing loans that they held as a result of the bubble bursting. This created a vicious circle - banks felt they were not in a position to lend, which worsened the economic outlook, and which further weakened the position of Japanese banks to lend. Japanese banks were also left exposed by the stock market collapse because they were allowed to hold common stock on their balance sheet.⁴

Despite the very considerable negative impact of the financial crisis, the fiscal and monetary measures adopted by the authorities helped cushion the impact on the real economy. While economic growth slowed sharply in the early 1990s, the economy did not record a single year of negative GDP growth, with growth reaching a low-point of 0.2 per cent in 1993.⁵ This, in turn, was very effective in limiting the rise in unemployment, which stood at just 2.5 per cent in 1993⁶ - a fraction of the rate Ireland was to experience some time later after it suffered a financial crisis of a similar nature to that of Japan.

Japan's banking system was further weakened later in the 1990s following the outbreak of a financial crisis in emerging Asian markets. In response, the government injected capital into a number of banks following a

series of failures and some of these were temporarily nationalised. The impact of the Asian crisis resulted in two years of contracting GDP. This caused a further increase in unemployment, although the rate of joblessness never rose above 6 per cent over the remainder of the decade.

A New Century

The consequences of Japan's financial crisis a decade before were still being felt in the early 2000s. In response, the Programme for Financial Revival (PFR), aimed at restructuring the balance sheets of Japanese banks, was introduced in 2002. This was followed in 2003 by the creation of the Industrial Revitalisation Corporation of Japan (IRCJ), which was to purchase the loans of large but troubled firms from secondary banks in an attempt to encourage restructuring.

With the financial system placed on a stronger footing, Japan's economy began to strengthen. After reaching a post-Second World War peak of 5.4 per cent in 2002, the unemployment rate fell steadily in the following years as demand was buoyed by fiscal stimulus and near-zero interest rates. Also of significance was the Bank of Japan's introduction of 'quantitative easing' in March 2001. The purchase of financial assets on a large scale by the monetary authority, which continued for five years, was the first time an advanced economy attempted such a policy, and one which central banks around the world would emulate a few short years later.

Ireland's economy also reached an inflection point at the start of the 21st century. While growth remained buoyant, imbalances began to emerge. By mid-decade economic growth was becoming increasingly led by unsustainable levels of construction. The ratio of residential investment to GDP, for instance, reached nearly 13 per cent in 2006,⁷ twice the long-run average of 6 per cent.

The construction boom was accompanied by a strong growth in credit, with Irish banks borrowing from abroad to fund what was increasingly becoming a property bubble. Lax lending practices by Irish banks were not corrected by regulation, resulting in a rapid rise in private sector credit in both absolute terms and as a percentage of GDP. Against this backdrop, Ireland's competitive position, which was an important factor in supporting the economy's surge in the 1990s, began to deteriorate. This had a negative impact on export

⁴ M. Fujii and M. Kawai (2010), *Lessons from Japan's Banking Crisis*, Asian Development Bank Institute

⁵ World Bank national accounts data, last accessed from <http://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?locations=JP> on 5 December 2016

⁶ International Labour Organisation data, last accessed from <http://data.worldbank.org/indicator/SLUEM.TOTL.ZS?locations=JP> on 5 December 2016

⁷ Department of Finance (2011), *The Irish Economy in Perspective*, last accessed from <http://www.finance.gov.ie/sites/default/files/irishconomyjune2011.pdf> on 5 December 2016

growth.

The Great Recession and its Aftermath

The imbalances that built up in the Irish economy from the early 2000s ended in crisis as a bubble in property prices burst, causing the real economy to contract sharply and the banking system's asset values to collapse. The sharp recession, which began in early 2008, was compounded by the erupting of the global financial crisis in late summer of that year. In response, the Government issued a two-year guarantee of a large share of Irish domestic banks' liabilities in September 2008. As happened in Japan a decade earlier, the authorities injected capital into the domestic banks and had little choice but to nationalise the weakest institutions. In 2009, Ireland established the National Asset Management Agency (NAMA), a vehicle similar to the IRCJ, in order to remove large non-performing loans from the banks' balance sheets and accelerate the process of returning these institutions to health. However, as the scale of the losses in the banking system became clear over the following two years, Ireland found it increasingly difficult to access the global financial market as high yields on Irish bonds negatively impacted on the country's ability to borrow.

As unemployment rose rapidly, peaking at 15 per cent, the underlying weak fiscal position was exposed. An increased reliance on property-related cyclically volatile tax revenue sources such as corporation tax, stamp duty and capital gains tax left Ireland particularly exposed when the property bubble burst. The share of corporation tax, stamp duty and capital gains tax in total tax revenues rose from 8 per cent in 1987 to 30 per cent in 2006.⁸ A combination of large budget deficits, the costs of the banking crisis and a renewed outbreak of financial crisis in the euro zone led to Ireland entering a joint EU-IMF financial assistance programme in November 2010.

The global financial crisis of 2008 did not affect Japan as much as Ireland, but it did trigger the worst recession in the country's post-war history. GDP contracted by 1 per cent in 2008 and by 5.5 per cent in 2009. The Japanese government responded with substantial fiscal stimulus programmes, while the Bank of Japan reintroduced quantitative easing. Once again, these measures, along with the inherently well-functioning labour market, helped contain higher unemployment, with the rate of joblessness peaking at 5.6 per cent in 2009. Japan's economy returned to positive territory in 2010, thanks in part to an increase in exports as global demand recovered and further competitiveness gains took effect.

The 11 March 2011 Great East Japan earthquake, tsunami and subsequent nuclear crisis had a large negative impact on the Japanese economy. The tragedy resulted in the loss of thousands of lives and destroyed or damaged hundreds of thousands of buildings. Disruption to business included damage to a Nissan engine factory in Fukushima and the temporary closure of seven Sony Corporation plants due to damage. In addition to businesses being affected by damaged buildings, there were electricity shortages due to generating capacity being lost or suspended following the earthquake and tsunami. Japan's economy contracted by 0.5 per cent in 2011.

The Recovery

By 2012, the Irish economy began to recover from the crisis years and Ireland exited the bailout programme in December 2013. Since then, there has been a substantial improvement in the public finances. The underlying general government deficit, which was -5.6 per cent in 2013, was -1 per cent in 2015. Ireland's debt to GDP ratio peaked in 2012 and 2013 at 120 per cent. It was down to 78.6 per cent in 2015. Ten-year government yields have fallen dramatically from a peak of 14 per cent in July 2011. Ireland expects to meet its medium term budgetary objective (MTO) as set out under the EU's fiscal rules in 2018. Unemployment has fallen from its peak of 15.1 per cent to 7.3 per cent in November 2016.

While a number of challenges to Ireland's economy remain, some of which are already being felt, the country's many economic attributes should stand it in good stead in the period ahead. Ireland boasts access to the Single Market; a well-educated and English speaking workforce that can rely not just on Irish graduates but graduates from across the European Union; a stable, pro-business policy environment and capabilities and clusters across a number of specialised sectors, including financial services and life sciences.

The Japanese Government has taken steps since 2013 to reform the country's economy and end the persistent deflation that has been experienced since the 1990s. The reform plan has three 'arrows': fiscal stimulus, monetary easing and structural reforms. To date, monetary easing has been the most active of the three arrows. The Bank of Japan has been engaged in a programme of open-ended asset purchases and expansion of Japan's monetary base. In January 2016, the Bank set the interest rates for deposits held at the central bank by financial institutions in excess of existing deposits and regulatory required deposits at -0.1 per cent. The move to negative rates was the latest in a long line of measures designed to move inflation towards the Bank of Japan's

stated target of 2 per cent.

The Japan Revitalisation Strategy was unveiled in June 2013. It included measures designed to address a decline in the size of Japan's workforce through increased participation by women, the elderly and foreign workers; measures to enhance the business environment in Japan through corporate governance reforms and improved labour flexibility; and the signing of free trade agreements to further integrate Japan within the global economy. It was envisaged that trade deals such as the Trans-Pacific Partnership (TPP) and the EU-Japan Free Trade Agreement (FTA) would bring forward the structural reforms needed to renew Japan's economy.

While the country's unemployment is at its lowest point in some two decades and the participation rate has risen since the crisis, Japan's ageing and shrinking population is adversely affecting inflation, productivity and its fiscal position. Government spending has risen because of a series of stimulus programmes designed to boost the economy and because of the demands placed on resources by Japan's ageing population. Japan's government gross debt stood at 248 per cent of GDP in 2015.⁹

While policymakers continue in their efforts to place Japan on a surer economic footing, there can be no denying the many attributes of the country's hugely sophisticated economy. If the ongoing reforms prove successful in the medium to long term, there could be a number of economic benefits for the EU and, by extension, Ireland.

The Future of the Global Economy and the Likely Impact on Ireland and Japan

How the Japanese and Irish economies adapt, excel and are challenged by the evolution of the global economy in the decades to come will likely influence the future direction of Ireland-Japan relations. Two key issues in the near term are Britain's exit from the European Union, and the ongoing negotiations over a potential EU-Japan FTA.

Brexit

Brexit may well lead to a further deepening of the bilateral relationship between Ireland and Japan. The UK hosts more Japanese FDI than any other EU Member State, much of which is located there to service the Single Market. The Japanese government issued a lengthy document in September 2016 outlining its position and that of Japanese businesses to the UK and the EU. The document stressed the importance that Japan places on Brexit being as least disruptive as possible, warn-

ing that some Japanese financial services firms may be forced to relocate if they can no longer avail of the single passport system from London. The 15-page document noted that Japanese businesses in Europe have created 44,000 jobs and that half of Japanese foreign direct investment to the EU in 2015 went to the UK.

Brexit may present some opportunities for Ireland, such as attracting Japanese financial services firms if they can no longer run their European operations from the UK, but clearly the costs of the UK's exit from the European Union will outweigh the benefits for Ireland. The exact nature of the economic consequences for Ireland will depend on the final deal reached between the EU27 and the British government.

Irish exporters will likely face the brunt of the pain, in light of the fall in value of the pound and because of the importance of the UK to Ireland as a trade partner. While Ireland's reliance on the UK as an export trade destination has weakened in recent decades, it still accounted for 12 per cent of Ireland's goods exports and 19 per cent of Ireland's services exports in 2015. Enterprise Ireland has called on Irish exporters to diversify beyond the UK market. Japan may present an opportunity for some of these firms, although, as will be discussed in the following chapter on trade and investment, pivoting to Japan overnight is not a realistic proposition.

EU-Japan Free Trade Agreement

"Ireland is fully supportive of the EU's trade negotiations with Japan and continues to support discussions on an ambitious FTA. An agreement with Japan will open opportunities for Irish exporters and companies across a wide range of sectors as production volumes and investment opportunities increase" - Mary Mitchell O'Connor, Minister for Jobs, Enterprise and Innovation (speaking in the Dáil on 2 November 2016).

The completion of the EU-Japan FTA would have important consequences for the structural reforms in Japan, as noted above. It would also remove some of the barriers that Irish exporters face when seeking to do business in Japan. The EU-Japan FTA negotiations were launched in March 2013 and are being negotiated in parallel with a Strategic Partnership Agreement between the EU and Japan. A number of technical and political challenges will need to be overcome for the agreement to be concluded, particularly amid a backdrop of rising anti-globalisation and anti-free trade movements in the Western world.

Ireland has benefited immensely from globalisation, and has a role to play as an advocate of the proposed

8 P. Honohan (2009), *What went wrong in Ireland?*

9 IMF (2016), *Japan: Selected Issues, IMF Country Report*, last accessed from <https://www.imf.org/external/pubs/ft/scr/2016/cr16268.pdf> on 5 December 2016



Micheál Martin, then Minister for Enterprise, Trade and Employment, with Yasuhisa Shiozaki, Senior Vice Minister for Foreign Affairs in 2006

EU-Japan FTA. Ireland can use its place at the table to outline its support for the proposed FTA and to engage constructively with those who may wish to prevent the trade negotiations from progressing.

Innovation

Japan and Ireland are both, in their own right, well positioned to be bedrocks of innovation and technological advancements in the years ahead. Japan and Ireland ranked in 16th and 7th place respectively in the 2016 Global Innovation Index. As is outlined in the chapters that follow, research and development is an area of increasing cooperation for Ireland and Japan with each country bringing complementary skills sets and capabilities.

Both the Japanese and Irish Governments have strategies to place their respective economies in strong positions to benefit from the evolving nature of the global economy. Ireland's *Innovation 2020*¹⁰ strategy aims to make the country a "global innovation leader", with a commitment to: increase public and private investment in R&D; enhance the impact of innovation for Irish enterprises; ensure that education, from the primary level up, is focused on innovation; and to support innovation through an effective regulatory framework that protects intellectual property. The strategy notes the importance of international collaboration in research and innovation, and the potential benefits to Irish researchers,

businesses, and policy makers. This is an area also covered in the *Japan-Ireland Partnership for Innovation and Growth*.

The Japanese Government's *Comprehensive Strategy on Science, Technology and Innovation 2014*¹¹ sees innovation as a bridge towards creating the future. In a time of great change, the strategy aims to deliver a Japanese economy that will maintain and strengthen Japanese industry through innovation and alleviate the impact of negative long-term trends associated with Japan's ageing population. It aims to foster a society where women, the young and the old play an active role and an economy that attracts people, goods, capital and knowledge from around the world.

While it is hard to forecast with certainty the impact of technological advances on the Irish and Japanese economies, there are reasons for optimism. Optimism that advances in life sciences will help to prolong and improve the lives of the elderly. Optimism that advances in green technologies will help with the transition to a renewable world. Optimism that the rise of financial technology will make the financial industry more efficient, more sustainable and more responsive to the needs of citizens. In many of these areas, there are ways in which the interests of both Ireland and Japan align and where there may be grounds for the two countries to work together.

¹⁰ Department of Jobs, Enterprise and Innovation (2015), *Innovation 2020*

¹¹ Cabinet Office of Japan (2014), *Comprehensive Strategy on Science, Technology and Innovation 2014*

Of course, there are far fewer similarities between the two economies than differences. Japan's economy is one of huge scale - its population may be shrinking, but it remains home to 127m people. In terms of size, Ireland pales in comparison. However, the openness of the Irish economy and the globalised nature of business in the country allow Ireland to punch above its weight. Japan is searching for ways to become more open - to increase inward investment and make the country a more attractive destination for foreign workers. While Ireland considers how to deal with the fallout from Brexit, Japan is assessing how its world leading companies can maintain access to the Single Market. The proposed EU-Japan FTA offers Japan the opportunity to increase the pace of structural reforms in its economy; while for Ireland it promises greater access to Japan's sophisticated market. It is a time of great uncertainty for both countries. However, on many economic issues, Ireland and Japan find each other on the same side of the fence.

While the two economies continue to face challenges, they also have many strengths. Ireland has recovered strongly and without interruption since 2012 and has, by some measures of economic activity, surpassed pre-crisis peaks of 2007/08. It is among the most globalised economies in the world and continues to attract one of the highest per capita shares of Europe's inward foreign investment. Japan for its part remains the third largest economy in the world and has long been among the most successful in research and development - Japanese patenting per capita, among the most widely used measures of an economy's innovative capacity, has long been among the highest in the world. Japanese companies remain world leaders in their respective fields - in Forbes 2016 ranking of the world's 2000 largest public companies, 219 were Japanese.

As will be described in greater details in the following chapter, trade and investment relations between Ireland and Japan have continued to deepen in recent years. In 2015, Japan was the 7th largest national market for Ireland's goods exports and was the 9th largest trading partner of the EU28. Japan remains Asia's largest investor in jobs in Ireland - around 4,000 jobs are attributable to Japanese FDI, a doubling in less than five years.

From the perspective of Irish companies, Japan is likely to become an increasingly attractive base to target the rapidly growing East Asian market thanks to geography, available expertise on the region's markets, stability and the rule of law. For Japanese corporates, Ireland's profound strong commitment to EU membership and its membership of Single Market and currency union make the country an ideal regional operating location, as evidenced from the sharp rise in employment in Japanese firms in recent years.

22

Trade and Investment

Ireland and Japan have a long, well established and relatively stable bilateral economic relationship. Pillars of this relationship include trade in goods, trade in services and the direct investment positions companies from the two countries have in each other's economies.

Merchandise goods trade is the longest established strand in the economic relationship. Over the past decade, sales of Irish-made products to the Japanese market have remained broadly stable by value, even if the composition of trade has changed considerably. Despite a sharp decline in global trade after the outbreak of the global financial crisis, Irish exports to Japan were little effected. That, by contrast, was not the case for sales of Japanese goods into Ireland. A comparatively deeper recession in Ireland led to a very sharp decline in the value of Japanese imports - of almost 60 per cent - between 2007 and 2009. Since then, a solid recovery has been in evidence, and by 2015 imports from Japan were close to pre-crisis levels. In the 21st century, the merchandise trade balance has been somewhat in Ireland's favour, with the value of goods shipped to Japan exceeding the value of imports in all but two of the past 15 years.

Trade in services between Ireland and Japan has been on a solid upward trend for more than a decade. In 2003, when country-specific data were first collated by the Central Statistics Office (CSO), total two-way trade in services was valued at under €900m. By 2015 the value of bilateral services trade between Ireland and Japan had risen more than fourfold, to €4.1bn. Sales of Irish-provided services to Japan have accounted for most of the growth over the past decade. In 2003 the balance in services trade was close to zero, but a doubling of the value of Irish services exported to Japan in the two years to 2005 pushed the balance in Ireland's favour. By 2015 the services surplus had increased to €2.2bn (a more detailed discussion of goods and services trade is contained in the Appendix).

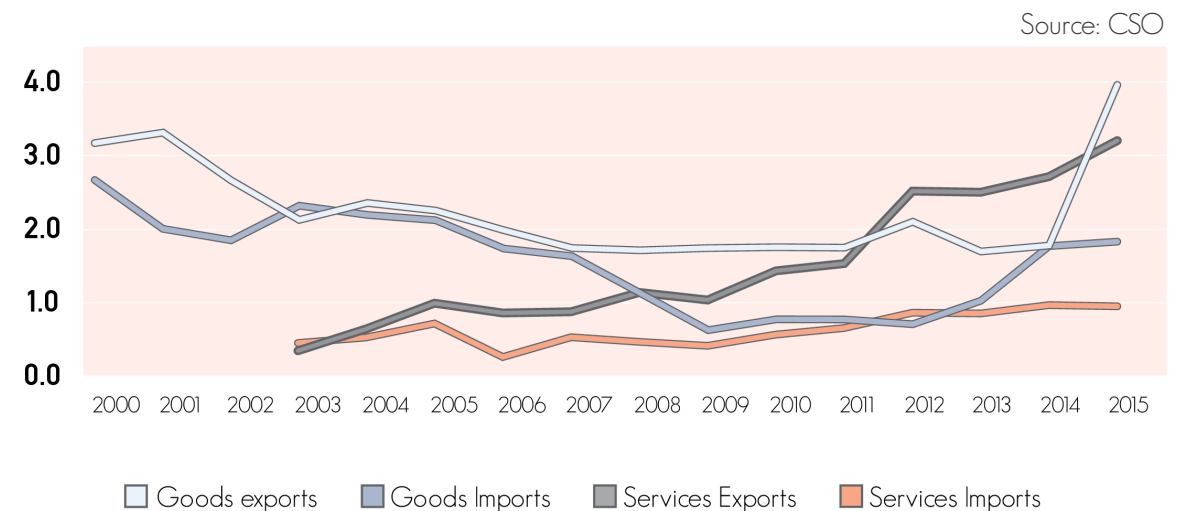
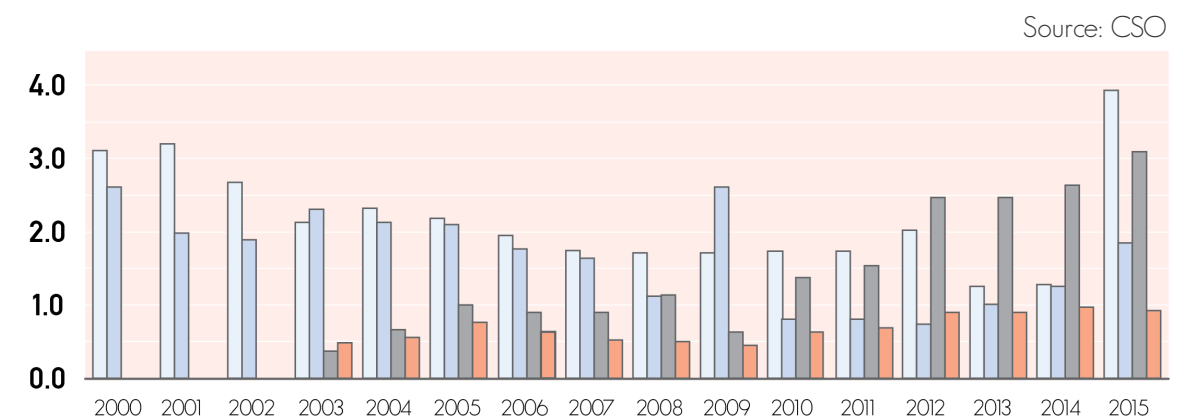
The history of Irish and Japanese investment in each other's economies is shorter and more recent than the two countries' trading relationship. This is reflected in the fact that Irish data on the bilateral foreign direct investment positions date back only to the early 2000s. In

2015 the stock of Irish corporate FDI in Japan stood at €5.3bn, while Japanese companies' accumulated fixed investment in Ireland was valued at €1.7bn.

As is the case with services trade, a considerable amount of the available data has not been published for reasons of confidentiality, including all pre-2010 data on the collective FDI position of Ireland-domiciled companies in Japan. Although data are only available from 2010, the trend has been consistently upwards. At the beginning of the decade the value of Irish FDI in Japan stood at €255m. Each successive year since has brought growth, with 2015 proving to be the year of the highest increase. In that year alone, the stock value of Irish FDI in Japan increased from €1.2bn to €5.2bn.

The available data for Japanese FDI in Ireland show a somewhat more volatile pattern. The stock of Japanese FDI peaked in 2005, when it was valued at €3.1bn. It then fell in the following years to reach a low-point of just €26m in 2010. While it is unusual for FDI stocks to

Ireland's Trade with Japan (€bn)





President Mary Robinson speaks at an Irish Trade Board event in Japan in 1995

decline by such amounts in relatively short periods of time, the fall in the value of Japanese fixed investment in Ireland is likely explained by capital movements in the financial services sector. They are included in the FDI data even if they appear more similar to portfolio capital flows (the internationally recognised threshold for a capital movement to be classified as FDI, rather than portfolio investment, is if the investing firm acquires/owns 10 per cent or more of the foreign entity¹²). Since 2010, there has been an upward trend in the stock of Japanese FDI in Ireland, even if it has remained quite volatile. In 2014 the FDI was valued at €2.3bn, falling back to €1.7bn as of the end of 2015.

Following Ireland's accession to what was then known as the European Economic Community in 1973, the Irish Government, principally through the Industrial Development Authority (IDA Ireland), mounted a significant

push to attract Japanese firms to Ireland. While at first Japanese investment into Ireland focused on manufacturing, today Japanese involvement in the Irish economy is diversified across a number of sectors, from financial services to healthcare; and from life sciences to ICT. Although the factors influencing Japanese companies to establish operations in Ireland do vary according to the requirements of the company, the location of Ireland as a gateway to the European Single Market, industrial clusters (particularly in the case of technology and financial services firms), availability of a highly educated and English-speaking workforce, and a business-friendly political environment, are some of the selling-points. Japanese firms have brought significant employment to the Irish economy and should be commended for the loyalty and commitment they have shown to Ireland, which is greatly appreciated by the Irish community at large.

¹² In relation to the data the CSO states "Direct investment includes the initial equity investment that meets the 10 per cent threshold, however it also includes all subsequent financial transactions and positions between the direct investor and the direct investment enterprise. Therefore direct investment is not solely limited to equity investment but also relates to reinvested earnings and other capital (inter-company debt). This category 'Other Capital' investment (inter-company debt) includes debt securities, trade credits and advances as well as loans. Negative values can arise where 'Other Capital' investment by the direct investment enterprise in its direct investor (reverse investment) is reported. This is recorded as disinvestment by the direct investor rather than as an asset of the direct investment enterprise. 'Other Capital' investment between fellow enterprises (controlled by the same direct investor) can also give rise to negative transactions and positions".

A number of different sectors have been influenced and shaped by trade and investment relations between Ireland and Japan, including agri-food, manufacturing, life-sciences and financial services. There have also been notable developments across medical technology, financial technology and other innovation focused areas. The following section examines these sectors and provides examples to illustrate the breadth and depth of Ireland's trade and investment relations with Japan.

Agri-Food

Agri-food is Ireland's largest indigenous industry. Irish food and drink exports to the rest of the world in 2015 were worth an estimated €10.8bn according to figures from Bord Bia, with beverages, beef and seafood among the strongest performers. Food and drink exports to Japan in 2015 were worth €35m. This illustrates the small, but not insignificant, size of exports to Japan relative to the overall level of Irish food and drink exports. Nonetheless, there would appear to be scope to increase the level of Irish agri-food exports to Japan. The opening of a new Bord Bia office in Singapore in September 2016 to cater for seven South and East Asian countries, including Japan, is a welcome development in this regard, although a dedicated Bord Bia office in Japan would serve to further advance the cause of Irish food and drink products in the country. The proposed EU-Japan FTA, based on the South Korea precedent, should greatly facilitate the ease of exporting to Japan to the benefit of Irish agri-food producers.

Irish food and drink products are recognised for their quality and their safety. The Irish agri-food industry has both a domestic and international dimension - the increasing strength of agri-food exports played a crucial role in driving the economic recovery at home. As it is across many sectors, competition in the agri-food space in Japan is robust. However, some Irish agri-food producers have been able to achieve success in Japan. Examples of Irish agri-food companies doing business in Japan include Glanbia, which set up a representative office in Tokyo in 2012; Kerry Group, which has an international sales office in Tokyo; and Connolly's Red Mills, the family run animal feed company, which began exporting to Japan in 2006.

Japan imposed a ban on beef imports from the EU in 2001 because of concerns about the spread of bovine spongiform encephalopathy (BSE) in a number of European countries. Since then, only five EU countries have succeeded in having the ban on their beef produce lifted. The Japanese ban on Irish beef was lifted on 2 December 2013 during an Taoiseach's visit to Japan. The Louth based ABP Food Group announced in December 2014 that it had become the first Irish food producer to sign a major prime beef contract with a Japanese company following the lifting of the ban. In November 2016,

the European Commission approved the awarding of just over €3m to Bord Bia to promote bovine meat, sheep meat and goat meat in Japan and China.

Irish seafood exports to Japan amounted to 744 tonnes in 2015, according to the Sea Fisheries Protection Authority. In value terms, seafood exports to Japan rose 22 per cent between January and September 2015. In February 2008, Mary Coughlan, the then Minister for Agriculture, Fisheries and Food, led an Enterprise Ireland trade mission to Japan that had an emphasis on food innovation, particularly in the seafood processing and soft drink sectors. As part of the visit, six Irish seafood-processing companies travelled to Japan to examine the latest freezing technologies pioneered by Japanese firms. Additionally, six Irish soft drink companies met with some of their Japanese counterparts to discuss technological advances in the sector.

Functional food is an area where Irish companies may find opportunities in the Japanese market. One of the first, and best-known, examples of functional food is the Japanese probiotic dairy product Yakult. Functional food products in Japan can apply to receive a 'Food for Specialised Health Uses (FOSHU) approval' from the Ministry of Health. Functional foods were one of the main focuses of an Enterprise Ireland trade mission to Japan in 2012.

There are a number of examples of Irish drink products achieving success in Japan. Diageo, the parent company of Guinness, formed a joint venture with Kirin Brewery in 2009 to distribute brands including Guinness and Kilkenny through Kirin's distribution network. Sapporo Breweries sold Guinness in Japan from 1964 until 2009.

Ireland and Japan are both known for their prowess at producing whiskey. While Japanese whisky has been growing in popularity in the western world - particularly after a single malt from the Yamazaki distillery was named the world's best by a prominent critic - Irish whiskey has also made inroads in Japan. Jameson, perhaps the best-known Irish whiskey brand, saw sales reach 204,000 bottles per year in Japan in the year to September 2015. Jameson's International Graduate Programme has a dedicated brand ambassador based out of Tokyo as part of its International Graduate Programme. Jameson events in Japan have included a pop-up café to coincide with St Patrick's Day celebrations in Tokyo in 2016 and a seasonal cocktail competition. Another example of links between Ireland and Japan in the drinks sector is the acquisition by Suntory Holdings in 2014 of Cooley Distillery's parent company. The Louth based distillery is known for brands like Kilbeggan Irish Whiskey and Connemara Peated Single Malt.

While the agri-food industry has been identified as a

sector with potential opportunities for Irish firms in Japan, there has been little Japanese inward investment into Ireland in this sector. One of the very first Japanese investments into Ireland was in a dairy products company in Donegal in 1971. However, that investment has proven to be the exception rather than the norm.

Miscellaneous Manufacturing

In the years following Ireland's accession to the EEC, a number of Japanese manufacturing firms established operations in Ireland, including Mitsui Denman in 1974, Nippon Electric in 1975 and Asahi Chemical Industrial Company in 1977. Asahi, which manufactured synthetic fibres, invested a reported IR£48.6m in opening a plant in Killala in Co. Mayo.¹³ A *Financial Times* article in July 1977 described the Asahi plant as the "jewel in the crown of the IDA".¹⁴ Due to the capital intensive nature of Japanese investment in Ireland in the 1970s, Japanese manufacturing firms accounted for over 10 per cent of the cumulative inward investment in Ireland by 1977.¹⁵

The 1980s saw a number of other Japanese firms in the electronics sector invest in Ireland, including Fujitsu in 1980. In the late 1980s Alps Electric (Cork, 1988), Brother (Drogheda, 1989) and Ohshima (Dublin, 1989) were just some of the Japanese manufacturers who established operations in Ireland at the time.

Alps Electric Corporation established a presence in Ireland because it wanted to have a local manufacturing base to support operations in Ireland the wider EU, and because of the availability of skills and experienced staff in Ireland. The company's Co. Cork plant has evolved over the last twenty-five years and is now a vertically integrated facility with manufacturing capabilities in surface-mount technology (SMT), part painting and moulding and laser marking. Its focus has shifted from the manufacturing of computer peripheral products, such as keyboards, to the manufacturing of electric modules for the automotive industry. It has also established a design group to develop products for medical devices and white goods. Alps Electric's customers include BMW, Jaguar and Land Rover.

The protectionist voices within the then European Community in the 1980s were an important factor in motivating Japanese firms to invest in Europe at the time - in the lead up to the completion of the Single Market, some measures involved classifying certain goods produced

by Japanese companies as imports if they did not meet certain standards.¹⁶

In some circumstances, Japanese companies entered the Irish market through acquisitions. For example in 1990, Fujikin acquired the Waterford-based Carten Controls. The fit between the two companies was a logical one, with Carten Controls adding to the existing capabilities of the wider Fujikin group. Today, Carten Controls employs some 60 people at its plant in Waterford where it produces ultra high-purity valves for use in microchips, LED equipment and other specialist products. The Waterford plant supplies mainland Europe and the ASEAN region. Carten Controls and Fujikin have evolved in tandem as the marketplace altered. They have been able to cooperate and collaborate, with Fujikin providing Carten Controls with access to a broad supply network in Asia and Carten Controls aiding Fujikin in their efforts to ensure that products the parent company produces for the Asian market are capable of meeting the standards in the European market. In a noteworthy example of people-to-people relations between Ireland and Japan, engineers from Carten Controls and Fujikin have been able to participate in exchanges to witness and learn at first hand from their colleagues.



Carten Controls

The size and profile of Japan's economy makes it an attractive market for global manufacturers for both trade and investment purposes. Glen Dimplex, one of Ireland's leading and most innovative indigenous manufacturers, is an example of a global company that has acted to avail of the opportunities that exist in Japan. Glen Dimplex has achieved considerable success in Japan marketing intelligent electric thermal storage, radiant panel

heaters and home appliances. The company had been doing business in Japan for a number of years through a distributor when, in 2004, senior executives from the company travelled to Japan and concluded that there were significant opportunities for Glen Dimplex in the country. However, they identified that establishing a presence on the ground would require senior executives to commit to investing their time in the undertaking because of the hierarchical nature of doing business in Japan. In order to advance at a quicker pace, Glen Dimplex acquired a stake in the distribution arm of Matsumoto Kenko. The partnership between Glen Dimplex and Matsumoto Kenko led to the creation of Glen Dimplex Japan, a joint venture that Glen Dimplex later took full control of. Today, Glen Dimplex employs around 120 staff in Japan and has partners that include the Japanese electronics company Panasonic.

Pharmaceuticals and Life Sciences

IDA Ireland began to have some success in attracting Japanese firms involved in the manufacturing of healthcare related products to invest in Ireland in the late 1980s. Ireland's emergence as a key destination in the pharmaceutical industry has been of great benefit to the Irish economy. A decision by IDA Ireland in the 1970s to target the sector, and in particular fine chemicals, resulted in huge growth in the Irish pharmaceutical sector - a sector that prior to the 1960s was virtually non-existent in the country.¹⁷ Ireland's proven capabilities in the pharmaceutical and life sciences sector led to a number of Japanese owned pharmaceutical companies establishing substantial operations in Ireland.

"If you are a growing Japanese company, what you seek most is to pursue a knowledgeable infrastructure in the European markets through establishing licensing agreements, building a sales force, then establishing joint ventures. The final step in establishing a strong presence is to purchase the outstanding portion of the joint venture" - Joseph Hartford speaking in 1991 when he was Director and General Manager of Yamanouchi in Ireland.¹⁸

Two examples of Japanese pharmaceutical companies with investments in Ireland are Astellas Pharma and Takeda. The first Japanese pharmaceutical company to establish a presence in Ireland was Yamanouchi Pharmaceutical Corporation in 1986. The company spent an estimated IR£55m on a plant in Mulhuddart, Co. Dublin, which was its first overseas production base for active pharmaceutical ingredients (e.g. bulk drug substances). One of the plant's first assignments when it commenced

manufacturing in 1988 was to produce Gaster, Yamanouchi's ulcer medicine. In 1990, Yamanouchi opened a second Irish manufacturing plant in Killorglin, Co. Kerry.

In 2004, Yamanouchi merged with Fujisawa Pharmaceutical Corporation to form Astellas Pharma Inc. Today, Astellas continues to operate the two manufacturing plants in Co. Dublin and Co. Kerry, employing over 300 people, in addition to having an Irish headquarters Dublin's Citywest Business Campus.

An interesting aspect of Astellas' operations in Ireland is its focus on using renewable energy. The company completed the construction of a wind turbine power station at its Co. Kerry plant in 2012. A 1.8 megawatt wood chip boiler system was installed in the plant in the same year to supply some ninety per cent of the plant's thermal requirements. Astellas won the overall environmental excellence award at Ibec's Environment Awards for 2013/14 for the way in which it has dealt with and embraced the scenic surroundings of the Co. Kerry facility, which is located in a conservation area next to the River Laune.

Takeda, which markets its products in over 100 countries around the world, is Japan's largest drugmaker. In 1997, Takeda took over Grelan Corporation's operations in Ireland. It was the Japanese company's first investment in Europe. Grelan was a small pharmaceutical company that had established a manufacturing base in Bray, Co. Wicklow, in 1995. Greg Timmons, who would go on to become President of Takeda Ireland, had moved back to Ireland to help set-up Grelan, having previously worked in IDA Ireland's Tokyo office. Mr Timmons first arrived in Japan as part of the now-defunct FÁS Overseas Graduate Programme, which is discussed in more detail in the education chapter of this report.

Takeda viewed the acquisition of Grelan as a quick start-up, and was attracted into Ireland by the business environment that existed at the time - costs were low, English was the spoken language and, crucially, a number of the world's leading pharmaceutical manufacturers had already invested in Ireland. Takeda continues to have a base in Co. Wicklow today, in addition to a plant at Grange Castle in County Dublin. The Grange Castle facility, which opened in 2002, was Takeda's first active pharmaceutical ingredient (API) plant to be located outside of Japan. In December 2016, the company announced it would invest €40m in a new high-containment production centre. The centre will manufacture an oncology product for Takeda and add forty new

¹³ P. Breathnach (1989), *Japanese manufacturing investment in the Republic of Ireland*

¹⁴ P. Jess, R. McManus, J. Meegan and P. O'Sullivan (2016), *The Asahi plant came to Killala 1977*, The Open University, last accessed from <http://www.open.edu/openlearn/openlearn-ireland/ireland-places-culture-heritage/the-asahi-plant-came-killala-1977> on 5 December 2016.

¹⁵ J. Darby et al (1996), *Japan and the European Periphery*

¹⁶ J. Morris (1991), *Japanese foreign manufacturing investment in the EC, in Japan and the Global Economy: Issues and Trends in the 1990s*, Edited by J. Morris

¹⁷ C. Van Egeraat and F. Barry (2008), *The Irish Pharmaceutical Industry over the Boom Period and Beyond*, Institute for International Integration Studies

¹⁸ Report to the Committee on Finance, United States Senate, on Investigation No. 332-302 Under Section 332(g) of the Tariff Act of 1930 (1991), *Global Competitiveness of U.S. Advanced-technology Manufacturing Industries: Pharmaceuticals*

employees to the company's Irish workforce.

Ireland's emergence as a medical technology hub is a noteworthy development in the context of Ireland-Japan relations because of the demographic situation in Japan - some estimates say that one in every three Japanese people will be senior citizens by 2050. Ireland's medtech sector employs some 27,000 people across 400 companies, according to the Irish Medical Devices Association, with more than 2,000 of these jobs created since 2014. In addition to a large number of indigenous medtech companies, eighteen of the twenty-five leading global firms in this sector have bases in Ireland. Around a third of the world's contact lenses and half of the world's ventilators in acute hospitals are produced in Ireland, while some 30m diabetes sufferers around the world use Irish made injectable devices according to IDA Ireland. 80 per cent of global stent production is taking place in Ireland, while 75 per cent of global orthopedic knee production is originating in Ireland.

Companies based in Ireland exported €2.2bn worth of medical and pharmaceutical products to Japan in 2015 - well over half of the total value of all Irish exports to the country for that year. Ireland's strength in terms of IT skills and product development expertise means it is well placed to play a leading role in the constant innovation that epitomises medtech. Ireland also benefits from a history of quality and excellence in the sector, along with an environment that is supportive of research and development. Ireland is an attractive destination for Japanese investors in this space, while there are also opportunities for the Irish medtech industry to export products to Japan.

The medical device market in Japan is the second largest in the world, accounting for just over 11 per cent of the global market. Representatives from the Centre for Research in Medical Devices (CÚRAM), Europe's largest medical devices research centre located in NUI Galway, travelled to Japan in May 2015 for a five-day visit to meet with their Japanese counterparts. They participated in a number of seminars, including one held at the Irish Ambassador's Residence in Tokyo, at which attendees were informed about CÚRAM and Ireland's R&D environment. The representatives also met with four large Japanese medical devices companies. The May 2015 visit was followed in June 2016 by a meeting in Galway at which several Japanese scientists with experience across functional biomaterials, tissue engineering and nanotechnology were all in attendance. H.E. Mari Miyoshi, Japan's Ambassador to Ireland, attended the event, along with Professor Nobuo Ueno, Director of the Japan Society for the Promotion of Science London.

Ireland, in addition to being a major exporter of medical technologies, is an attractive investment destination for foreign firms looking to improve their specialisation in this sector. One such company is Goodman, the Japanese medical technology firm. In 2004, Goodman Medical Ireland Limited was established in Galway. From its Galway plant, it exports products to almost 100 countries. Goodman Medical Ireland manufactures cardiology products, including PTCA catheters and bare metal stents. In 2010, Goodman announced plans to hire more staff and increase investment in its Galway facility. Takehito Yogo, the Chairman of Goodman Corporation at the time, attributed the decision to "our dedicated and proactive workforce, the support of IDA Ireland, our strong supplier network and the positive experiences we have had of doing business in Ireland since 2004."¹⁹

On the regulatory side, Irish companies seeking to export their medical devices to Japan must comply with a number of regulations, such as those set out in the Pharmaceuticals and Medical Devices Act and the Pharmaceutical Affairs Law. Global regulatory convergence in the medical devices sector would be of great benefit to Ireland. Medical device regulators from the EU and Japan were among those who met in Canada in October 2011 to establish the International Medical Device Regulators Forum (IMDRF). The organisation aims to accelerate the convergence and harmonisation of medical device regulation.

Information and Communications Technology (ICT)

There are a number of links between Ireland and Japan in the ICT sector. Ireland has proven capabilities in this sector and is home to a number of leading technology companies including Apple, Google, Intel, Microsoft and Facebook. Japan, for its part, is a global leader in information technology. Japanese companies, such as Toshiba, Fujitsu, Sony, Hitachi and Panasonic, are important players in the international ICT landscape. Japan is also an important market for some of the most significant international ICT companies.

An example of a Japanese company that has invested in Ireland is Trend Micro, which provides IT security solutions to consumers and businesses. It established its European, Middle East and African (EMEA) headquarters in Cork in 2003. The Cork headquarters have significantly evolved since first opening, from originally providing back-office support to now performing a host of functions including sales, technical support, customer operations and financial services. In 2016 the company, which employs over 200 people in Ireland, also offered

seven college placements to students from University College Cork, Cork Institute of Technology and Waterford Institute of Technology. This scheme was part of the company's wider efforts to build links with the local community.

ICT links between Ireland and Japan have also been fostered through programmes such as the FÁS Graduate Scheme. An example of such links is EIRE Systems, an IT infrastructure services support firm that was founded in Japan in 1996 by two former participants in the FÁS Graduate Scheme. While this was a challenging period for the Japanese economy, as outlined in the previous chapter, the sheer size of the market not just in Japan but also in the wider Asia Pacific region presented a great opportunity. The co-founders were able to lean on their knowledge of Japanese business, culture and language to navigate the process of establishing a business in Japan.

The cluster of multinational technology companies operating in Ireland has also led to the emergence of indigenous Irish ICT companies with global footprints. Doan is an Irish firm in the IT security space having notable success in Japan. Daon has developed technologies that allow for biometric security verification tools for a range of companies and governments. Doan partnered with NEC Corporation in 2007 on a biometrically enabled border control system. The system processed 10,000 travellers on its first day in November 2007 and was rolled out across more than thirty airports and seaports in Japan. In 2016, Daon and its Japanese partner NTT Data Corporation, agreed to work with Sumitomo Mitsui Financial Group and Sumitomo Mitsui Banking Corporation on developing biometric authentication platforms with the goal of launching in the spring of 2017.

Another notable example of an Irish ICT company achieving success in Japan is Cubic Telecom. Cubic Telecom secured a deal with Rakuten, a leading Japanese internet services and e-commerce company, in 2016 to develop a mobile SIM card. This was not Cubic's first agreement with a major Japanese business - it had previously agreed to work with the computer maker Lenovo in the data-roaming sphere.

Innovation

As previously noted, Japan and Ireland are both well placed to be leaders in innovation in the years ahead. Japanese investments into Ireland focused on R&D are most welcome as they serve to advance both economic and societal interests. Fujitsu Ireland, as part of the wider Fujitsu group, is involved in a number of innovative projects with potentially transformative impacts across

a variety of sectors. One such example is the Kiduku research project, which was launched in 2013. It is designed to provide monitoring services and assisted living for senior citizens and patients in 'smart houses'.

In partnership with three Irish research institutions²⁰, the Kiduku project involves using sensors on the clothes of elderly people and patients in conjunction with sensors in the smart home to collect a variety of data in an effort to develop a system to support independent living. *Kiduku* means "to be aware" and "to construct" in Japanese. The project seeks to extend the time that elderly people can spend in their own homes before requiring full time care. As part of the Kiduku project, Fujitsu and partners created a purpose built development of 16 smart homes in Dundalk. The first residents moved into this apartment scheme, known as the "Great Northern Haven" in 2010. There are some 100 sensors in each apartment, which monitor the residents for long-term health trends and for short-term emergencies. For example, if a sensor detects that a resident has fallen over, an alert is sent out or a relative contacted by text automatically. The Kiduku project allows Fujitsu to look at sensor based technology in a clinical environment, while advancing age-friendly technologies that are of great relevance in light of the population ageing currently affecting Japan and the demographic changes that will unfold in Ireland over the course of this century.

In addition to developing innovations in Ireland, Fujitsu is also introducing new technologies developed by the wider Fujitsu group into the Irish market. For example, the company has developed a cattle breeding support service, or 'connected cow', that monitors bovine behavior in real time using sensors. It aims to improve the efficiency of livestock by providing farmers with invaluable analytical insight. Other connected farm projects being developed by Fujitsu seek to offer safety-enhancing benefits to farms. Projects such as these fit in with Fujitsu's overall aim of enabling technology to the benefit of society.

Mitsubishi Electric, which celebrated 35 years in Ireland in 2016, has also introduced innovative products to the Irish market. These include energy-efficient, climate aware air conditioning systems and factory automation devices. In August 2016, Mitsubishi Electric opened an automation laboratory in the University of Limerick. The facility is designed to allow students in engineering and other disciplines to have first hand experience of the technology used in modern automation and manufacturing. Mitsubishi Electric's Dublin base opened in 1981 and handles sales, service and support for the company's network across Ireland.

¹⁹ IDA Ireland (2010) Goodman Medical Ireland expands in Galway. Last accessed from <http://www.idaireland.com/newsroom/goodman-expansion-galway/> on 5 December 2016

²⁰ The Centre for Effective Solutions for Ambient Living Awareness, Technology Research for Independent Living and the Centre for Sensor Web Technologies

Financial Services

In the wake of the UK referendum outcome, the Japan External Trade Organisation (JETRO) has seen an increase in inquiries from Japanese firms about establishing operations in Ireland. These inquiries, which have come predominately but not exclusively from financial services firms, largely relate to a desire among Japanese firms to ensure they maintain access to the Single Market.

A number of Japanese financial services firms have already established operations in Ireland. For example, Sumitomo Mitsui Trust Bank (SMTB) entered the fund administration business in Ireland in 2012 when it acquired the Global Asset Services division from Daiwa Securities. Sumitomo Mitsui Trust Bank is Japan's largest trust bank and Asia's largest asset manager. SMTB, through its Irish subsidiaries, employs some 200 people in its headquarters in Dublin and in a satellite office in Dundalk. Other Japanese financial services firms with presences in Ireland include Sumitomo Mitsui Finance and MUFG Fund Services.

Sumitomo Mitsui Finance is a subsidiary of Sumitomo Mitsui Banking Corporation (SMBC), which signed a Memorandum of Understanding with IDA Ireland in 2012 to promote communication and business exchange between Ireland and Japan. The arrival of Japanese financial services firms in Ireland has provided direct employment and has also opened up new business opportunities for Irish firms. For example, Dillon Eustace, the Irish law firm, established a presence in Tokyo in 2000 to cater for its Japanese financial services clients.



Eoghan Murphy, Minister for Minister of State for Financial Services, eGovernment and Public Procurement, and H.E. Anne Barrington, Ireland's Ambassador to Japan, at the Tokyo Stock Exchange in 2016

In 2002, Takayoshi Taniguchi, Japan's then Senior Vice Minister of Finance, travelled to Ireland to inspect the International Financial Services Centre (IFSC). He was the second Japanese minister to visit the IFSC that year. In 2004, a Japanese parliamentary delegation that included former Prime Minister Tsutomu Hata came to Ireland as part of the 25th Japan-European Parliament Conference. They too visited the IFSC, which was established by the Irish Government in 1987 to develop Ireland's capacity in the financial services sector.

Michael Noonan visited Japan in October 2012 in his capacity as Minister of Finance. He was in Tokyo to attend the annual meetings of the International Monetary Fund and the World Bank. In 2016, Eoghan Murphy, the Minister for Financial Services, eGovernment and Procurement, launched the *IFS Ireland* brand in Tokyo. Minister Murphy met with Taro Aso, Deputy Prime Minister and Japan's Minister of Finance, and Haruhiko Kuroda, Governor of the Bank of Japan. He also gave an address to Keidanren (the Japan Business Federation).

Ireland hosted the European Financial Forum for the first time in January 2016. The forum is designed to become a key event that raises Ireland's profile and promotes the country as an optimal destination for financial services firms from countries like Japan. The inaugural event in 2016, produced by The Financial Times in partnership with IDA Ireland and Enterprise Ireland, attracted over 600 leaders and experts from the industry, government and regulators. The European Financial Forum will take place in Dublin once again on 27 January 2017.

Financial technology, or fintech, is an area that Ireland is increasingly developing a strong set of capabilities in and an area where there may be opportunities to strengthen Ireland-Japan relations. In May 2016, Japan's Financial Service Agency announced that Prime Minister Abe's advisory Financial System Council would begin examining how Japanese laws could be adapted to make the country more hospitable to ongoing advancements in fintech.

Twelve Irish fintech companies were part of a delegation that joined Minister Eoghan Murphy on his trade mission to Japan in September 2016. Minister Murphy's visit also included a meeting at the Tokyo Stock Exchange. Corvil, the network data analytics company that provides crucial latency management services to the Tokyo Stock Exchange, facilitated the meeting. Corvil, which is based in George's Dock in Dublin and was established by Irish co-founders in 2000, opened an office in Tokyo in 2012 to service its deal with the Tokyo Stock Exchange.

Another example of an Irish fintech company achieving success in Japan is FEXCO, which provides fintech and business solutions, was founded in Kerry in 1981.

It entered the Japanese market in 2013 as part of a deal with Mitsubishi UFJ NICOS Corporation, a credit card provider with a substantial merchant network in Japan. The agreement entailed the roll out of FEXCO's dynamic currency conversion technology, which allows credit card holders in a country with a foreign currency to have the cost of a transaction converted to their home currency at the point of sale.

Stripe, the electronic payments firm founded by Patrick and John Collison, two entrepreneurial brothers from Limerick, officially launched in Japan in October 2016 after a year of beta testing. Prior to the official launch, a number of leading Japanese companies - including the airline ANA and the translation service Gengo - worked with Stripe to test the various features of the service. Sumitomo Mitsui Card Company collaborated with Stripe on the Japan launch and also became a strategic investor in the company.

Aviation Leasing Industry

Ireland has become a global centre of excellence in the field of aviation leasing, with proven skill sets and capabilities in this industry. A number of Japanese aircraft leasing firms have operations in Ireland. Key factors behind Ireland's emergence as a leading destination in this sector include the fact that an Irish company, Guinness Peat Aviation, was one of the world's first aviation leasing companies. This helped to create a bedrock of aviation leasing knowledge in Ireland, and was aided by the 12.5 per cent rate of corporation tax, Ireland's wide array of double taxation agreements with other countries, and Ireland's flexible reporting and compliance framework, among other factors.

Examples of Japanese aircraft leasing companies in Ireland include SMBC Aviation Capital, Orix Aviation and Sojitz Aircraft Corporation. KG Aircraft Rotables, which is headquartered in Dublin and is a subsidiary of Kanematsu, supply aviation components for a host of



SMBC Aviation Capital

Boeing and Airbus aircraft. CAE Parc Aviation, which is based in Dublin and provides aviation personnel and technical services to the aviation leasing industry, opened an office in Tokyo in 2006 to service its Japanese clients.

While Minister Noonan was in Japan in 2012, Sumitomo Banking Corporation announced plans to merge its aviation divisions with the Dublin-based SMBC Aviation Capital. The combination created the world's third largest aircraft-leasing operation. "Japanese interests hold a lot of assets abroad and we have a lot of assets for sale, so we would hope that this would be a forerunner of other things", Minister Noonan remarked at the time.

Sumitomo completed its purchase of SMBC Aviation Capital, formerly RBS Aviation Capital, from The Royal Bank of Scotland Group (RBS) in June 2012. RBS, like many European banks, was more adversely affected by the global financial crisis than its Japanese counterparts and needed to de-leverage to strengthen its balance sheet.

Japanese companies looking towards Ireland

Japan is high on the list of priority countries for IDA Ireland. There is scope to increase the level of Japanese foreign direct investment into Ireland, but it will require time, patience and increased resources particularly when it comes to raising awareness of Ireland as a business destination in Japan.

A 2013 paper²¹ examining Japanese foreign direct investment in Ireland asked respondents, to rank what they saw as the five most important determinants in investing in Ireland. The top five FDI determinants identified by the respondents to the study were: Ireland's skilled workforce, Ireland's political stability, Ireland's access to large regional markets (i.e. the Single Market), Ireland's 12.5 per cent rate of corporation tax and the role of the Irish government.

The opportunities that exist for Japanese companies in Ireland are plentiful, however there are some challenges facing these companies when seeking to do business in Ireland. As with the opportunities highlighted throughout this study, the challenges that face Japanese firms in Ireland vary from sector to sector and company to company. Ireland's competitiveness is a common theme when discussing the business environment in Ireland with Japanese firms. Higher costs for businesses are a significant deterrent to foreign direct investment. As noted in the previous section, Ireland's competitive position deteriorated in the run up to the global financial crisis. The situation improved as a result of the downward pressures of the recession, with some of the imbalances

that had emerged in the Irish economy unwinding. However, the National Competitiveness Council, and some of those interviewed for this study have emphasised the importance of closely monitoring Ireland's competitiveness - specifically in regard to the cost and supply of housing, the cost of renting and the rates of personal taxation. Other factors that may be negatively impacting investment decisions include the perceived shortage of international schools in Ireland, and the lack of a direct flight between Dublin and Tokyo.

However, it is important to remember Ireland's scale in comparison to Japan when assessing the number of Japanese companies operating in Ireland. JETRO has stressed the importance of understanding the significance of a single Japanese company choosing to invest in Ireland and advocates an incremental approach to Japan. Although JETRO closed its office in Dublin in 2006 due to resource allocation considerations, it maintains a presence in Ireland and its operations have been largely unaffected by not having a physical branch in the country, particularly because of the resources available in its London office.

To this end, collaborations between IDA Ireland, Enterprise Ireland and their counterparts at JETRO can help to improve trade and investment relations between the two countries. Foreign direct investment can serve as a two-way street, with Japanese investments in Ireland and Irish investments in Japan both playing a role in raising awareness of the potential in each market.

Doing business in Japan relies on a collaborative approach, and building on established traditions with cour-

tesy and respect. By thinking and collaborating together, IDA Ireland, Enterprise Ireland, and JETRO can work to the benefit of both the Irish and Japanese economies. JETRO has already worked in collaboration with the Irish agencies on promoting research and development related investments between Ireland and Japan. It held a joint event with IDA Ireland and Science Foundation Ireland in 2009 on Research Development and Innovation. The event showcased the research capabilities of Irish institutions to Japanese companies, to highlight the strength of Ireland in this sector.

Irish companies looking towards Japan

Irish companies seeking to enter the Japanese market can avail of the support of Enterprise Ireland's Tokyo office, which opened in the mid 1970s. The Irish Exporters Association and the Ireland Japan Chamber of Commerce also offer vital support to Irish businesses in Japan. The Ireland Japan Chamber of Commerce was established in 2008 and plays a crucial role through its representation of the Ireland-Japan business community across trade and investment issues. The Chamber has a number of members who manage its activities through a board of directors. Its two platinum members are Toyoko Inn and Diageo. Toyoko Inn, a family owned Japanese hotel chain, chose Ireland as the base from which to expand its operations across Europe. The company, which also supports the Tokyo GAA team, incorporated in Ireland in 2009 and purchased Abbeyville House in Co. Dublin in 2013.

The Ireland Japan Chamber of Commerce is part of the Local Market Team, alongside Team Ireland (The Em-

bassy, Enterprise Ireland and IDA Ireland), which works to promote trade and investment links between Ireland and Japan. The Local Market Team's initiatives to promote Irish education, tourism and agri-food is another important aspect of its contribution to Ireland-Japan relations, particularly given the absence of the relevant state agencies in these sectors on the ground in Japan.

Japan is continuing in its efforts to make the country more attractive to foreign investments. For Irish firms with the right profile, a significant opportunity exists for them in the Japanese market. The critical success factors required of companies to succeed in Japan are: absolute commitment from management and board; a world-class product, technology or service; financial resources to stay the course over lengthy sales cycles, and exceptional technical and customer service support.

With a population of 127m, all sectors have scale in Japan. The real issue is one about the capabilities of the Irish companies seeking to enter this market. A further consideration that is often overlooked, is that as Japan has assisted in the economic development of most of Asia, its companies are ideal partners for Irish companies seeking to do business in countries in the region.

Enterprise Ireland emphasises the importance of matching the capabilities of Irish companies with the opportunities that exist in Japan. Irish companies need to consider the capabilities that already exist in Japan and ask what they can add to an economy that is fully developed and hugely competitive. Focusing on the attributes of specific companies rather than specific sectors can help in identifying how such capabilities might align with opportunities in the Japanese market.

Japan is a great fit for Irish companies with innovative, world-class products and services. Many Japanese companies, such as Toyota and Sony, are world leaders in productive capacity and operational excellence. Many Irish individuals and companies have benefited from visits organised by the EU-Japan Centre to Japanese workplaces to see examples of best practice. Central to this 'Lean' philosophy of business is *kaizen*, which refers to change for the better and continuous improvement in business practices.

These missions, and the wider efforts of the EU-Japan Centre, allow Irish companies to access the best thinking, practice and implementation in the world in terms of competitiveness. Over the last 20 years, well over 300 Irish people have participated in activities and events coordinated by the EU-Japan Centre. By applying the 'Lean' concepts of effectiveness and efficiency in business that is exemplified by Japanese companies like Toyota, Irish firms have been able to improve their competitive positions.

Doing business in Japan can take time, and Irish companies need to be prepared to invest, both in their time and resources when first entering the market. For this reason, having a scaleable business is important. The time it can take to become established in Japan is also an important factor for Irish businesses who might be considering diversifying their export markets following Brexit. While Japan presents many opportunities, pivoting to Japan is not something that can be achieved overnight.

Due to the time it can take to become established in the Japanese market, and the financial resources required to do business on the other side of the world, Irish companies are advised to ensure they have the financial resources to meet the costs of entering the Japanese market. Irish companies entering the Japanese market need to do so on a sustainable footing due to the challenges they will face in terms of geography, language, lengthy sales cycles, product quality demands, technical servicing requirements and medium-term time horizons. For this reason, Japan can sometimes prove unattractive to Irish SMEs.

Enterprise Ireland is currently targeting Irish companies operating in the software, financial services and health-care sectors. Within financial services, fintech is also an area of increasing importance where Irish firms may find an opening in Japan.

The agri-food sector is one of increasing importance for Ireland in Japan. Japan's food and drink market is sophisticated and robustly competitive. Unique Irish products - characterised by their heritage, quality and safety - have ample room to continue to expand within the Japanese market.

In life sciences, the characteristics of Japan's population have obvious implications for demand for medical products and devices, such as heart stents. This is an area where Irish companies have significant experience, which is of great benefit to them in the heavily regulated market for such products in Japan. An Taoiseach Enda Kenny noted in 2013, during Prime Minister Abe's visit to Dublin, that with its clusters of pharmaceutical companies, medical device companies and academics, Ireland was well placed to work with Japan on issues and opportunities arising from its ageing population. Prime Minister Abe said that the medical device sector was one of the "strongholds" of Irish industry.

In summary, for world-class Irish companies, Japan represents a challenging but highly rewarding market. Irish businesses that succeed in Japan find themselves well placed to succeed in any market, no matter how complex.



H.E. Anne Barrington, Ireland's Ambassador to Japan; Mary Mitchell O'Connor, Minister of Jobs, Enterprise and Innovation; Julie Sinnamon, CEO, Enterprise Ireland; Frank Collins, Vice President, CAE Parc Aviation; and Gerry Turner, CEO, Jetstar Japan, at a contract signing in 2016

34

Tourism

Tourism plays an important part in Ireland-Japan relations, both in cultural and economic terms. It serves to improve the ties between Irish and Japanese people and contributes to the economic development of both countries.

Prior to independence, Ireland's inbound tourism market was largely made up of tourists from England. The tourist industry has, over time, become one of Ireland's primary national interests. The potential contribution of tourism to the Irish economy was identified in the Government's *Programme for Economic Expansion* (1958), while the *Second Programme for Economic Expansion* (1963) noted, "the most important invisible export, and the one which offers the greatest prospects of growth, is tourism". The programme called for a doubling of tourism revenue between 1960 and 1970. Tourism Ireland, which became operational in 2002, was established to market the Republic of Ireland and Northern Ireland as a tourism destination internationally under a single brand. Fáilte Ireland was formed in 2003 to promote Irish tourism within the country and provides support to the tourism industry.

A record 10.5m visitors came to Ireland from overseas in 2016 - this compares to 6.98m visitors in 2005, 4.3m visitors in 1995, 3m visitors in 1995 and 1.9m visitors in 1985. Overseas travel to Ireland generated earnings of €5.5bn in 2015.²² While there have been challenging times for the Irish tourism industry, such as following the September 11 terror attacks in 2001 and the outbreak of the global financial crisis in 2008, the overall story is one of continuing improvement and success.

²² Central Statistics Office (2016), *Tourism and Travel Quarter 4 2015*, last accessed from <http://www.cso.ie/en/releasesandpublications/er/tt/tourismandtravelquarter42015/> on 5 December 2016.

Japan set itself a target of 20m annual overseas visitors by 2020. It had a record 19.73m overseas visitors in 2015, practically reaching the target five years early. Tourists can enjoy a diverse range of experiences in Japan, from skiing in Hokkaido to the hot springs of Lake Kawaguchi. Figures from the Japan National Tourism Organisation (JNTO) show that 14,318 Irish passport holders visited Japan in 2015; 9,134 of whom identified as tourists. These were the highest numbers seen since the 2002 FIFA World Cup, when the Republic of Ireland football team played three group stage matches in Japan.

In the post-war period and prior to the mid 1960s overseas travel by Japanese people was significantly curtailed. However, on 1 April 1964, months before Tokyo staged the Olympics, the government of the day lifted all the restrictions on overseas travel. This lifting of foreign exchange and exit controls, and thus the liberalisation of overseas travel, were among the conditions that had to be met before Japan could join the OECD, which it did in 1967. In 1964 only 127,749 Japanese people travelled overseas. By 2015, this number had risen to 16.214m people.

Japanese visitors to Ireland

Japanese visitors are attracted to Ireland by a variety of factors, from its scenic landscape to its safety and security. Ireland's natural scenery enchants visitors from around the world. Tourists from Japan are greeted in Ireland by a warm welcome and can immerse themselves in the traditions of the island. Japanese and Irish people share a common interest in ancient history, which makes visits to locations such as Newgrange immensely attractive to Japanese tourists. Research carried out on behalf of Fáilte Ireland between June and October 2015 found that 82 per cent of respondents from outside mainland Europe and North America considered Ireland's interesting history and culture as an important factor in considering Ireland for a holiday. The three highest-ranking factors were Ireland's friendly, hospitable people (97 per cent), Ireland's status as a safe and secure destination (92 per cent) and Ireland's beautiful scenery (91 per cent).

In addition, Ireland can offer Japanese visitors a varied experience, with tourists able to venture from the sights and sounds of Dublin to the paths of the Wicklow Mountains. Initiatives such as the Wild Atlantic Way, the 2,500km long coastal route in the west of Ireland, have ensured that Ireland is constantly refreshing its tourism portfolio, building on its existing strengths while also creating new and innovative attractions for potential tourists.

There was a notable decline in the number of Japanese visitors to Ireland in the latter half of the last decade.

Tourism Ireland has attributed this decline to a variety of factors including the global economic downturn that occurred during this period and also the emergence of a trend that has seen short-haul destinations, such as Macau, Hong Kong and South Korea, increase in popularity among Japanese tourists. In addition, Japanese outbound tourism in general was adversely affected following the 2011 Great East Japan Earthquake and Tsunami.

Tourism Ireland first established a presence in Japan in November 2006 when it appointed a general sales agent for the Japanese market. Following a comprehensive review of the Japanese outbound travel market in June 2012, Tourism Ireland downgraded its operations in Japan from a fully serviced market with a full-time presence on the ground to a minimal support presence. Tourism Ireland had previously operated an office in Tokyo, but, largely due to budgetary factors, it ceased all operations in Japan in June 2013 and closed its Japanese language website.

In a positive development in August 2016, Tourism Ireland launched a Japanese language version of its Ireland.com website, which provides Japanese people with useful information about Ireland, including key attractions, must see locations and accommodation listings.

The website, which was launched with the support of the Department of Foreign Affairs and Trade, is a first step in restoring Tourism Ireland's presence in Japan. Tourism Ireland has noted the positive impact that the launch of its Japanese language website has had to date. A notable development has been the increase in Japanese media interest in Ireland. Increasing Ireland's profile in Japan will require further success in winning increased media exposure in Japan. This is an important way of highlighting the attractiveness of Ireland as a travel destination. For example, the *Nikkei* newspaper



President Mary McAleese attends a Tourism Ireland event in Japan in 2005, alongside Sile de Valera, the then Minister of State for Education, and Niall Gibbons, Chief Executive of Tourism Ireland

visited the Galway Oyster Festival in September 2016; also in 2016 the Japan Association of Travel Agents included Kilkenny in a list of what it perceived to be the thirty most beautiful towns and villages in Europe; and in October 2016, the popular Japanese travel website RETRIP featured an article that highlighted fifteen must see places in Ireland. In December 2016, the Japanese Association of Travel Agents hosted a seminar on Ireland to promote the new Tourism Ireland website. More than fifty industry members attended the seminar. The first ever charter flight from Japan to Ireland is planned for August 2017.

Challenges for Developing Japanese Tourism to Ireland

A number of factors have been identified as inhibiting the growth of Japanese tourism to Ireland. In the Dáil in 1996, Enda Kenny, then Minister for Tourism and Trade, said:

“The factors which inhibit the growth of Japanese tourism include the low consumer awareness of Ireland and the lack of traditional and family ancestral links as compared with other long haul markets such as Australia or the US, the high cost of travel between Ireland and Japan and the absence of direct air links”.

The lack of a direct flight between Ireland and Japan is often cited as a reason why Ireland has been unable to tap fully the potential of overseas visitors from Japan. Ireland has to compete with other European destinations to attract Japanese tourists, and a direct flight would be hugely beneficial in increasing the attractiveness of Ireland as a destination. Studies by the Dublin Airport Authority (DAA) have shown that a direct flight can have a significant uplift on the number of visitors to Ireland from a region not previously covered by a direct route.

It remains an open question whether the establishment of a direct air link would stimulate the extra traffic that would financially justify such a move. This has happened in some other cases, but the case of Japan is perhaps complicated by the large number of daily direct flights between Tokyo and London, which is relatively close geographically to Ireland and which, in turn, has frequent daily flights to Dublin and other Irish airports.

Opportunities for Developing Japanese Tourism to Ireland

One of the challenges facing Tourism Ireland, and the Irish tourism industry at large, is the need to build

connections in Japan in order to increase awareness of what Ireland has to offer. In the age of Facebook, Instagram and LINE, word of mouth, or word of image, has never been more important. An increased Tourism Ireland presence on social media in Japan would be beneficial in helping to reach as broad a spectrum of Japanese people as possible. Fáilte Ireland’s 2015 Visitor Attitudes Survey²³ found that 59 per cent of respondents said the internet was an important source that influenced their choice of Ireland for a holiday, while 43 per cent said friends, relatives and business associates were influential in their choice of Ireland.

Tourism Ireland carried out a review of developing tourism markets in 2016. The review confirmed the agency’s belief that Japan is a market of significant untapped potential for Ireland’s tourism industry. This was illustrated in the review by statistics that demonstrated the popularity among Japanese tourists of northern European destinations with similar characteristics to Ireland. The demographics and the advanced nature of the Japanese economy were also identified in the review as further reasons to attach greater importance to Japan as a tourism market. Another major factor is that Japanese tourists do not need a visa to visit Ireland.

In light of these preliminary findings, Tourism Ireland has indicated it will give consideration to re-opening an office in Tokyo in the coming years. This could prove particularly beneficial in the run-up to the 2019 Rugby World Cup in Japan. Sporting events offer an important opportunity to increase the profile of Ireland in Japan, and Ireland’s bid for the 2023 Rugby World Cup has the potential to greatly increase awareness of Ireland in developing tourist markets like Japan. Increased funding will of course be called for if Tourism Ireland operations in Japan are to extend beyond the newly launched website.

A number of niche tourism sectors could also be explored to boost Japanese tourism to Ireland. Ireland is well placed to benefit from golf tourism, which travel agencies have identified as being of interest to Japanese tourists. Golfscape, the London-based online golf reservation service, has a dedicated Ireland page on its Japanese language website. Research conducted by Fáilte Ireland ahead of the 2013 Irish Open showed that each overseas golf tourist in 2012 was worth two and a half times that of the average tourist to the Irish economy.²⁴ Japan-Ireland Travel offers customised golf tours to prospective Japanese visitors to Ireland.

The opportunities presented by rural tourism and the importance of promoting tourism in rural areas to en-

sure that revenues from overseas visitors are not overly concentrated in Dublin were identified in a 2014 report by Teagasc, the Irish Agriculture and Development Authority.²⁵ The report noted the strength that Ireland has in terms of rural tourism, such as the length of its coastline and the diversity of landscapes within a relatively small area. It recommended building on these strengths. Of particular note was the recommendation to focus on new markets - like Japan, “where beautiful landscapes, culture and traditional ways of life are highly valued and whose young people are increasingly travelling to Europe”. Rural tourism agencies were urged to “include rural experiences in their promotion of Ireland in Japan and identify products that appeal to the young Japanese tourists”.

Rural tourism, in addition to attracting Japanese tourists, also offers countless benefits to rural communities. There is recognition among those concerned with the tourist sector in Ireland that the economic benefits of rural tourism and the continued development of this sector have huge potential to revitalise local economies, provide job opportunities for farm household members and enhance the quality of life of rural communities.

An intervention by an Taoiseach Bertie Ahern during a high-level visit in 2004 and a follow-up by the Irish Embassy in Tokyo resulted, in 2006, in an agreement in principle with Japan to proceed with the establishment of an Ireland-Japan Working Holiday Programme. The programme, which commenced in 2007, remains an important initiative in attracting more young Japanese people to Ireland. It allows Japanese people between 18 and 30 years of age to holiday in Ireland for up to one year, while also allowing them to work and study in the country. The popularity of the programme has increased substantially over the past year, and it is expected that the quota will have been reached for the first time in 2016. 2017, ten years on from the introduction of the programme, could offer an opportunity to look at potentially increasing the quota for Japanese citizens wishing to work and travel in Ireland. The occasion of the 60th anniversary would make such an increase most timely.

Irish citizens can also avail of the Working Holiday Programme to visit Japan for a period of up to one year. The number of Irish applicants seeking to go to Japan has remained limited due to linguistic and cultural barriers. The low uptake to date can also be attributed to the existence of other working and exchange programmes such as the Japan Exchange and Teaching (JET) Programme.

Ireland has yet to realise fully the potential of the out-

bound Japanese tourism market. The tourism strategy published in 2015 outlined the Government’s target to increase overseas tourism revenue to €5bn in real terms by 2025, for employment in the sector to reach 250,000 and for overseas visitor numbers to reach 10m.²⁶ Increasing Ireland’s profile in Japan as a tourism destination could help contribute to achieving these ambitious goals.

Ireland-Japan Working Holiday Programme

Year	Applications received	Authorisations issued
2016	527	400 (expected)
2015	321	256
2014	270	225
2013	290	248
2012	241	215
2011	232	198
2010	213	165
2009	195	164
2008	362	291
2007	424	331

High-level visits by Heads of State and Heads of Government also serve to increase Ireland’s profile as a tourist destination. One of the highest profile visits between Ireland and Japan occurred in 1985, when Emperor Akihito and Empress Michiko, the then Crown Prince and Crown Princess, stayed at Dromoland Castle in Co. Clare. The Emperor and Empress returned to Ireland twenty years later for a four-day visit in May 2005. They travelled to Glendalough to see St Kevin’s 6th century monastic settlement and to Trinity College in Dublin to view the Book of Kells. President Mary McAleese met with Emperor Akihito when she visited Japan in March 2005. President McAleese was accompanied by a number of state bodies on the visit, including representatives from Tourism Ireland.

Prime Minister Shinzo Abe visited Ireland in June 2013, and an Taoiseach Enda Kenny paid a reciprocal visit to Japan at the end of the year. An Taoiseach’s visit to Japan in December 2013 attracted media interest in Japan, including an editorial in *The Japan Times* that featured images of the Irish countryside, and the Galway Arts Festival. It seems clear that an extra effort to develop tourist traffic further between the two countries would pay dividends which would benefit both countries, not only economically, but in terms of a better mutual acquaintance of our two peoples.

23 Fáilte Ireland (2016), *Visitor Attitudes Survey - Main Markets 2015*

24 Fáilte Ireland (2016), *New Fáilte Ireland research shows golf to the fore in delivering tourism revenue*, last accessed from <http://www.failteireland.ie/footer/Media-Centre/New-Failte-Ireland-research-shows-golf-to-the-fore.aspx> on 13 December 2016

25 An Teagasc (2014), *Rural Economic Development in Ireland*

26 Department of Transport, Tourism and Sport (2015), *People, Place and Policy: Growing Tourism to 2025*

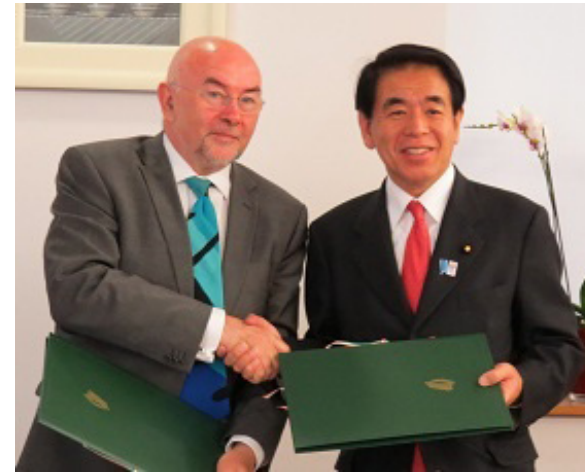
38

Education

Japan has one of the most advanced education systems in the world and has consistently placed at the top of international comparisons of national student achievement. Findings from the OECD's Programme for International Student Assessment (PISA) in 2012²⁷ demonstrate that Japanese students are among the top performers in reading, mathematics and science. Many of Japan's third level institutions have excellent reputations nationally and internationally. According to the Times Higher Education World University Rankings for 2016-2017, eight Japanese universities featured in the global top 400.

Japan's educational success is attributed by some to its first rate teaching force, excellent family support for students at home, the focus of resources on instruction and the strong incentives the system provides for students to

²⁷ OECD (2012) *Programme for International Student Assessment Results from PISA 2012* <https://www.oecd.org/pisa/keyfindings/PISA-2012-results-japan.pdf>



Ruairí Quinn, then Minister of Education and Skills, meets with his Japanese counterpart, Hakubun Shimomura in 2013

take advanced courses and study hard in school.²⁸

In comparison, Ireland's education system has undergone significant development over the past number of years and Ireland now has 34 higher-level institutions and over 5,000 programmes, all internationally recognised and quality assured. Ireland has been acknowledged for many years as a destination for English language learning. In 2010, the Department of Education and Skills launched the *International Education Strategy for 2010-2015*, adopting a strategic approach to the internationalisation of Ireland's higher education.

In 2011, Enterprise Ireland launched its *Education in Ireland* initiative for marketing Ireland's higher education and English language sectors internationally. The brand has played a key role in promoting Ireland as a safe, English speaking country, with internationally recognised qualifications, supportive learning environments, an innovative and creative culture, and distinguished graduates leading in their fields.

The promotion of Ireland to Japanese students and universities as a country of academic excellence has many benefits for both Japan and Ireland. Strengthening educational links between Ireland and Japan is an investment in the future of Japan-Ireland relations. Educating the next generation of Japanese leaders, entrepreneurs and decision makers, will create lasting links between Ireland and Japan into the future. International edu-

cation contributes to the Irish economy to the value of €1.58bn per annum²⁹. Promoting Ireland to Japan as a country of excellence in education can contribute to achieving the Irish government target of €2.1bn per annum by 2020, as set out in the *International Education Strategy for 2016-2020*.

Internationalising Japanese Education

The number of Japanese students studying abroad dropped from 83,000 in 2004 to 57,000 in 2011.³⁰ This decline was partially attributed to the Japanese economic situation, the country's ageing demographics, the ongoing reform of the Japanese education system and the growing international experience which Japanese students can now receive domestically. Low levels of the English language among Japanese students is an additional barrier for Japanese students travelling to Ireland. In general, foundation programmes are necessary for Japanese students who wish to attend Irish universities, as the Japanese high-school exams are not considered equivalent to the Leaving Certificate.

A survey of 200,000 Japanese students by the British Council³¹ found that their sentiment regarding studying overseas is as favourable, if not more favourable, than their British and American counterparts. 33 per cent of Japanese students interviewed stated that they were interested in studying abroad. Experiencing the culture of the host country was identified as the most attractive draw for students. This refutes the belief which is sometimes expressed that Japanese students have become more inward looking.

The Japanese Government sees the internationalisation of education as an investment in the future, creating a globally competitive workforce and increasing cultural and diplomatic links with partner countries. Japan has committed to doubling the number of Japanese students studying abroad to 120,000 by 2020. The Japanese Government intends to meet these targets by providing more scholarships and greater funding to internationalise select universities. The Japanese Government has also launched a number of initiatives to achieve this goal including, Leap for Tomorrow! (TOBITATE) Study Abroad Campaign and the Global 30/Development of Global Human Resources. These policies will likely result in an increase in the number of students studying abroad. Since this commitment, the number of Japanese

²⁸ OECD (2012) *Strong Performers and Successful Reformers in Education: Lessons from PISA for Japan* <http://www.oecd.org/edu/school/programme-for-international-student-assessment-pisa/49802616.pdf>

²⁹ Department of Education and Skills (2016) *Irish Education Globally Connected: An International Education Strategy for Ireland, 2016-2020*

³⁰ Japan Ministry of Foreign Affairs (2015) People to People Exchange, last accessed from <http://www.mofa.go.jp/policy/culture/people/student/> on December 13 2016

³¹ British Council (2014) *Japan: Debunking the "Inward Looking" Myth*

students studying abroad has increased to 60,138 in 2012,³² according to Japan's Ministry of Education, Culture, Sports, Science and Technology (MEXT).

Prioritising Japan-Ireland

China, the US, Australia and New Zealand are more popular than Ireland as study destinations for Japanese students. According to data from the *OECD's Education at a Glance* report, 0.2% of Japanese students who studied abroad in 2012 studied in Ireland. In addition data from the Higher Education Authority indicates that 40 Japanese students were enrolled in full-time state-funded higher level education in Ireland for the academic year 2014-2015, compared with 3,419 students from the US, 1,745 students from China, and 1,494 students from Malaysia for the same year.

One reason contributing to these relatively low numbers is that Ireland has not yet prioritised Japan as a partner-country for student mobility. As part of the *2010 International Strategy*, the Department of Education and Skills set the target of increasing collaboration in mobility, research and training with its partner countries. These countries included traditional markets with strong cultural and historic links to Ireland, such as the United States, and emerging markets with a growing demand for quality education, such as Brazil, China, Malaysia, India and the Gulf Region.

All seven of Ireland's universities have exchange agreements with Japan, including at a faculty level at Trinity College Dublin and at a research level at NUI Galway. Dublin City University also employs a part-time representative based in Tokyo, who promotes academic and English programmes to Japanese students, agents and universities. However, many universities and institutes cite limited personnel and financial resources as the primary reason for developing these existing markets, rather than exploring additional markets like Japan. The Japanese academic calendar has also proved difficult in arranging short-term student mobility from Japan, although some universities in Japan have moved towards a western academic calendar to facilitate international exchange. The profile of Irish higher-level education in Japan is not as developed as in other partner countries, which is a particular hurdle for individual institutions interested in expanding to Japan. There are many study abroad fairs which regularly take place in Japan, which several Irish universities have taken part in over the years. A more consistent engagement with these fairs would boost the profile of Irish universities in Japan. In addition, if *Education in Ireland* engaged in a greater promotion of Ireland's education sector in Japan it

would benefit the third level sector in attracting Japanese students.

There are many strengths to Ireland's education system which could be further promoted to attract Japanese students. Japanese students do not need to apply for a visa to study in Ireland, and this can be considered a major advantage. Through the Third Level Graduate Scheme Japanese graduates of recognised third level institutions are allowed to remain in Ireland for one year after the completion of their studies. Ireland's profile as a destination for English language learning may increase as the only English speaking country in the European Union following Brexit. As the yen appreciates against the pound, and as uncertainties continue over whether the UK will continue to accept TOEFL scores, students who previously considered attending university in the UK may now be interested in studying in Ireland.

In addition to the qualities mentioned above, the Irish Government's new released *International Education Strategy for 2016-2020* recognises the importance of diversifying markets and having a more flexible approach to the prioritisation of these markets. The broader scope of this new strategy creates a clear opportunity to prioritise Japan, as the previous 2010-2015 strategy was focused on Brazil, India, New Zealand and Malaysia. Including Japanese students in the Government of Ireland Scholarship Programme, which was introduced in the previous International Strategy (2010-2015), is an example of how to support student mobility from Japan to Ireland.

Research and Collaboration

While student exchange from Japan offers significant potential for enhancing the educational and cultural links between Japan and Ireland, the already existing research and academic collaboration in higher education has been one of the most successful areas of the relationship. As advanced and sophisticated economies, both Ireland and Japan strive to promote high quality science and innovation in their countries. For example, in 2015, Ireland and Japan celebrated the awarding of the Nobel Prize in Medicine jointly to the Irish born parasitologist William C. Campbell and the Japanese microbiologist, Satoshi Omura. This award was in recognition of their work in eradicating river blindness, which identified the parasitic worm that causes the illness. They shared the Nobel Prize with Chinese medical scientist, Tu Youyou, for her work in producing the anti-malarial drug, artemisinin.

Collaboration in research and development is also a

³² Ministry of Education, Culture, Sports, Science and Technology (2015) *The Number of Japanese Nationals Studying Overseas and the Annual Survey of International Students in Japan* last accessed at <http://www.mext.go.jp/en/news/topics/detail/1372624.htm> on December 13 2016. Figures for beyond 2013 have yet to be release by the Ministry.

means to support sustainable economic growth. While Japan is a leader in research and innovation, Japanese researchers and companies have been attracted to research collaboration with Ireland in research and innovation. In 2014 Ireland ranked 16th in global rankings for the quality of its research. In nineteen different fields, Irish universities were ranked in the top 1 per cent of research institutions in the world in terms of research impact and overall ranked 14th for science with specific expertise in chemistry, nanotechnology, immunology, animal and dairy, mathematics and agricultural science. Ireland is also home to significant operations of some of the world's best known companies. These include: nine of the top ten global software companies, three of the top six games publishers, eleven of the top 20 global internet companies, thirteen of the world's top fifteen medical devices companies, nine of the world's top ten pharmaceutical companies, and fifteen of the world's top twenty-five financial services companies. In addition, the twelve large-scale multi-disciplinary, multi-institutional research centres established by Science Foundation Ireland (SFI) provide opportunities for international research and innovation collaboration. Highlighting these opportunities is an important part of promoting and further developing Irish research and innovation centred around these strengths which are essential in developing Ireland-Japan research links.

International Scientific Collaboration Awards

In recognition of the strong emphasis that both countries place on research, development and innovation, an Taoiseach Enda Kenny announced the inclusion of Japan as a partner country in the Irish Government's International Scientific Collaboration Awards (ISCA) programme during his visit to Japan in December 2013.

The ISCA programme, operated by the Science Foundation Ireland, supports new and existing research-based collaboration between Ireland's higher education institutions and organisations in designated partner countries, including Japan. Officially launched in 2014 with €1.24m in funding, the ISCA Japan Consortium was designed to develop a programme of activities to expand academic and associated links between the Irish and Japanese research communities, ahead of the 60th anniversary of diplomatic relations.

Led by NUI Galway, ISCA Japan brought together a consortium of Irish universities and institutes³³ to partner with 21 Japanese universities and a number of companies and research institutes.

³³ Members of the ISCA Consortium include: National University of Ireland Galway (NUIG), Dublin City University (DCU), Dublin Institute of Technology (DIT), National Institute for Bioprocessing Research and Training (NIBRT), Maynooth University (NUI Maynooth), Royal College of Surgeons Ireland (RCSI), Trinity College Dublin (TCD), University College Cork (UCC), University College Dublin (UCD), University College Limerick (UL) and Waterford Institute of Technology (WIT)

The programme focused on six key thematic areas, which were identified as research priorities for both Japan and Ireland. These included: advanced manufacturing and materials, environmental and climate sciences and technologies, big data analytics, imaging and optics, future healthcare including connected health, and medical devices and regenerative medicine.

The ISCA consortium has played an integral role in supporting peer-to-peer exchange among researchers in Japan and Ireland, and it also had some success in promoting funding partnerships between Science Foundation Ireland research centres and Japanese industry partners.

For example, since 2012, Fujitsu Laboratories and Insight Data Centre for Analytics (formerly DERI) at Dublin City University have carried out joint research projects focused on the area of the Networked Knowledge, which aims to coordinate information shared and created on the internet. Suntory Wellness has partnered with APC Microbiome Institute Research Centre at University College of Cork to support exploring the role of gastrointestinal bacteria in health and disease.

From the outset, the ISCA programme was considered to be a seed programme to last for two years. For individual institutions, gaining access to Japan proved challenging as it is such a large and sophisticated market. By coming together as a consortium, ISCA eased access for universities to Japan and boosted Japanese awareness of Irish scientific research. For Science Foundation Ireland, the next steps to building this relationship is to work with its counter-part agencies in Japan. The two year timeframe allowed ISCA to make important in-ways into developing relations with Japanese institutions. However, as Japan places a high-value of friendship-building and trust, Japan-Ireland research collaboration would benefit if the ISCA programme had a longer timeframe.

Japanese Studies in Irish Education

In 2012, Forfás and the Expert Group on Future Skills Needs published a report on the skills and talents required by enterprises to enable them to compete successfully internationally. Among those skills identified by the report were foreign language skills and cultural awareness. In particular, it highlighted the necessity of scaling up language skills, including Japanese.

Apart from competitiveness, foreign languages includ-

ing Japanese add an intrinsic value to education for both the individual and society. Learning Japanese and other languages fosters cultural understanding and therefore can facilitate trade and investment with Japan. Ireland is a service led economy, and this demands a high-level of human interaction and communication skills, including language proficiency. Language proficiency in Japanese is important for Irish companies interested in diversifying to this market, which requires an investment of time, personnel resources and financial resources.

In August 2014, the Department of Education and Skills committed to creating a new *Foreign Language Strategy* for post-primary, further and higher education. This strategy will for the first time provide a comprehensive strategic approach to foreign languages in the Irish education system. The profile of Japanese in Ireland would be greatly enhanced by including Japanese as a priority language in the report. It would also recognise the importance of Japan as a strategic partner for Ireland.

The increasing interest among young people in Japanese popular culture (especially manga and anime) and sport, provides a strategic opportunity to engage students across the education sector in the study of other aspects of Japanese society and culture, as well as oral and written language.

Japanese Studies in Secondary Education

The Post-Primary Languages Initiative (PPLI) was established under the National Development Plan in 2000 to support the implementation of a policy of diversifying, enhancing and expanding the teaching of languages in second level schools. Although the initial focus of the initiative was to promote Spanish and Italian, Japanese was chosen as the first non-European language to be added to the initiative in recognition of Japan's important trade links with Ireland.

In 2004, Japanese was introduced as a school subject at a secondary level for the first time and 28 students sat the examination. The curriculum focuses on teaching Japanese language in its oral and written form as a foreign language. The syllabus also covers Japanese culture. Since 2004, the numbers of students engaged in Japanese studies at a secondary level has grown significantly. In 2016, a total of 326 students sat the Japanese Leaving Certificate Examination.

In 2010, Karen Ruddock, National Coordinator of the PPLI, produced a report, *Learning from Experience: The Feasibility of Mandarin Chinese in Irish Post-Primary Schools*, which drew lessons from the challenges and issues faced by the study of Japanese in post-primary

level in Ireland. In particular, she noted that as Japanese teachers are employed as Japanese Development Officers rather than teachers, they do not have the same working conditions as teachers. In her opinion, this has led to a lower profile for the Japanese language. The report further noted that there is a lack of understanding of the importance of Japanese and diversifying languages at secondary level, and, where schools are interested in introducing Japanese, there are a number of issues which may make it difficult to do so. This includes the rigidity of the staffing system, whereby teachers are employed for life, and a lack of financial resources.

The Post Primary Languages Initiative has developed a short course on Japanese language for the Junior Certificate cycle of 100 hour of student engagement over two to three years. The aim of the course is to allow students to engage in a meaningful sense with the Japanese language and culture and thereby create the opportunity to experience a new society, a new culture and a new world. Although the take up on the short course may be slow to start, in the long run it will provide the framework for introducing Japanese language to schools at a Junior Certificate level.

Japanese Studies in Tertiary Education

In the 1990s, interest in Japanese studies at third level increased, as the importance of the Japanese economy grew. In many universities and institutes, such as the University of Limerick, when Japanese studies began, the focus was initially on business studies. Now however, Japanese studies features in the arts faculty and also features in other faculties with the study of Japanese language being a focal area of study.

In 2015, the Japan Foundation conducted a survey³⁴ of Japanese studies at a university level in Ireland and the UK. Five Irish universities which offer programmes or electives in Japanese studies were surveyed: University College Cork (UCC), University College Dublin (UCD), Dublin City University (DCU), University of Limerick (UL) and Trinity College Dublin (TCD). From the survey, it is apparent that language is the main focus of universities offering Japanese studies as part of their programmes. Less attention is given to other areas of study such as politics, international relations, history, literature, economics, art, sociology, anthropology, religious study, linguistics, and traditional culture. UCC focuses on Japanese philosophy and they have also established an Irish Institute of Japanese Studies, which aims to provide a research and teaching centre for Japanese studies in Ireland, with a focus on the arts and social sciences. Although no undergraduate courses for Japanese studies exist at the moment in UCD, students can avail of electives concerning Japan through the colleges of Arts

and Humanities, and Social Sciences and Law.

While many of the universities have future plans for expanding their Japanese studies programmes, this primarily hinges on access to funding to pay staff members. The Japan Foundation study indicates that there is not sufficient resourcing for Japanese studies in the participating Irish universities. In particular, areas of study outside of language were insufficiently resourced or not resourced at all in the majority of participating universities.

Exchange Programmes

The Japan Exchange and Teaching (JET) programme for third level graduates was established in 1987. This programme aims to increase the mutual understanding between Japan and other mainly English speaking countries, including Ireland, by inviting third level graduates from Ireland to participate in international exchange and foreign language education in Japan. This programme locates the participants at a community level and continues the legacy of Irish missionaries in contributing to education in Japan. The JET programme was established in 1987 and Ireland joined the programme in 1988. Since then 1,200 Irish graduates have participated in the JET Programme, with the majority of students participating as Assistant Language Teachers (ALT). One of the most significant elements of the JET programme is its focus on creating cultural links at a local level. Members of these communities where Irish participants are placed have little exposure to foreigners, and are invited to engage in different aspects of Irish culture, such as music and sport, by connecting with Irish JETs in the area.

Another initiative was the FÁS Overseas Graduate Programme, first established in 1983 with the objective of increasing the number of Irish graduates with top quality experience in their chosen field. It operated until 2010 and oversaw the placement of over 1,100 graduates across the globe, with a particular emphasis on emerging markets in Asia. Of these 1,100 graduate, some 700 travelled to Japan where they gained invaluable experience in major companies across Japan. The end of this programme has been greatly lamented in Japan, both by Japanese employers and more widely. The FÁS programme was a strategic connection between the two countries supplying a pipeline of people who were trusted by Japanese industry to work in their operations when they returned to Ireland. And, for those who settled in Japan, supplying key members of the Ireland Japan Chamber of Commerce and supporters of Ireland in Japan, where through a variety of activities, Ireland could raise its profile.

In 1983, the Irish Business and Employers Confederation (Ibec) launched its international graduate programme, the Export Orientation Programme (EOP). The EOP is

currently Ireland's longest running international graduate programme of this kind. Unlike the FÁS Programme, the EOP is not specifically geared towards any specific region, and instead focuses on companies seeking to export out of or into Ireland.

In 2010, a third graduate programme was set up by Enterprise Ireland. The Graduates 4 International Growth (G4IG) programme was established to promote export-led sales growth for Enterprise Ireland client companies while at the same time advancing graduates' international business skills. To date, graduates have worked across Japan, Brazil, China and the US. In addition, Enterprise Ireland have also recently launched an international graduate programme that offers graduates the opportunity to start their career in one of Enterprise Ireland's offices across Europe, the Americas and the Asia Pacific.

As students and graduates who participate in these programmes have the potential to be the leaders and decision makers of the future, they are an investment in future relations between Japan and Ireland. The cultural understanding that these programmes foster in their participants is invaluable to Ireland-Japan relations, and it is particularly valued by Irish businesses who feel that these cultural insights can ease their entry into the Japanese market.

34 The Japan Foundation (2015) *A Survey of Japanese Studies at University Level in the UK*

44

Culture

Cultural relations are an important subset of diplomatic relations, and have the potential to become a powerful tool in the broader relationship between Japan and Ireland. In addition, the cultural sector is a growing pillar of the Irish economy, which employs more than 170,000 people. Enhancing cultural relations between Ireland and Japan can deepen the mutual understanding between our two countries, boost Japanese awareness of and goodwill towards Ireland, promote tourism and international educational exchange, and provide entry points for business in each country. An appreciation of each other's culture and traditions and a familiarity with the language situation in each country generates a deeper awareness of both the shared values and the vast cultural differences between Ireland and Japan, and enables their peoples to engage at a deeper level in political, business and personal contacts with each other.

Strengthening cultural relations between Japan and Ireland is part of a long-term strategic approach which aims to provide guidance and support for the vibrant community of voluntary organisations that work to promote Irish culture in Japan. These include the Irish Network Japan, the Japan-Ireland Funds, Cómhaltas Japan, the International Association for the Study of Irish Literature (IASIL) Japan and Gaelic Athletic Association (GAA) Japan. In turn, the number of organisations dedicated to



Professor Kuninao Nashimoto and Professor Takako Haruki, who translated the 18th Century Irish poem *Cúirt an Mheán Oíche* into Japanese, alongside Dr Tom Hardiman and others at the Chester Beatty Library in 2015

the promotion of Japanese culture in Ireland is growing incrementally, aside from the Japanese Embassy, such as the Ireland-Japan Association, Experience Japan, and sporting organisations, like the International Japan Karate Association Ireland and the Irish Judo Association. These organisations are working towards the same end of bringing people together, increasing mutual understanding and facilitating interchange.

Cultural Connections

Excellence in literature, poetry and the performing arts is a notable Irish forte, which is well recognised in Japan, where the arts enjoy enormous prestige. As mentioned in the introduction, Lefcadio Hearn, or Koizumi Yakumo, is perhaps one of the best known Irish people in Japan. His scholarly works on Japanese society and tradition brought to a foreign audience for the first time some of the riches of Japanese culture. Today, Oscar Wilde, W.B. Yeats, Samuel Beckett and James Joyce, are among the traditional Irish authors, poets and playwrights whose work has found great resonance in Japan.


Oscar Wilde is a central figure in the popularisation of Japan and Japanese culture in the 19th century, and he viewed the country as an "artistic utopia". In his 1882 lecture in the United States, entitled *The English Renaissance of Art*, he spoke of the influence of Japanese art on Europeans. In his later essay, *The Decay of Lying*, Wilde spoke on the Japanese effect, describing it as an artistic construct whose effects were best seen in Western cities such as London, rather than Tokyo, thanks to the influence of Japonisme. Although he was never to reach its shores, his work expresses admiration and preoccupation with



Lafcadio Hearn Memorial Museum, Matsue, Japan

the Japanese culture. *The Importance of Being Earnest* and *Salome* are among his plays which have been performed in Japan.

Oscar Wilde's writings went on to influence a generation of Japonologists, including W.B. Yeats, one of the best known Irish literary figures in Japan. The turning point in Yeats' development as a dramatist was his discovery of the Japanese *noh* theatre, which was a confirmation of his own theatrical theories and experiments. His acquaintance with the *noh* was filtered through Ernest Fenollosa and Ezra Pound, and, like much of what Yeats absorbed from other sources, was strongly marked by his own preoccupations. He always referred to his *Plays for Dancers*, the best known of which is *At the Hawk's Well*, as "my *noh* plays". The *noh* play, *Nishikigi* is the Japanese source of Yeats' *The Dreaming of the Bones*, and the famous *noh* play, *The Hawk Princess*, was inspired by Michio Itoh's 1939 reproduction of Yeats' *At the Hawk's*


 Godot has Come (2014)

Well. Hideo Kanze, a renowned director of *noh* theatre, was the first Japanese director to stage two plays by W. B. Yeats at the Peacock Theatre in Dublin in 1978, *At the Hawk's Well* and *The Only Jealousy of Emer*.

Samuel Beckett's works have had an extraordinary impact on world theatre, including the Japanese theatre. In 2007, Minoru Betsuyaku, one of Japan's leading contemporary playwrights, paid homage to Beckett by writing a sequel to Beckett's *Waiting for Godot*, entitled *Godot has Come*. The play aimed to reflect modern Japanese society and thus resonated deeply with Japanese theatre-goers and in the process introduced Beckett to new audiences.

In 2007, to mark the 50th anniversary of diplomatic relations, and with the support of Culture Ireland and the Irish Embassy in Japan, the Druid Theatre Company's production of J.M. Synge's *Playboy of the Western World* at the International Arts Festival, and the Drumlin's Players' productions of *In the Shadow of the Glen*, *Come and Go*, and *Torraiocht Meabh*, at the International Theatre Festival in Japan.

The Japanese influence on Yeats' works and the adaptation of Beckett's *Waiting for Godot*, have contributed to making Irish theatre pieces accessible to Japanese audiences. This is demonstrated by the ongoing popularity of Yeats' plays in Japan today. In 2015, a three-day

festival in Tokyo marked the 150th anniversary of Yeats' birth, which focused mainly on theatre and Yeats' *noh*. An Irish theatre group, *Everlasting Voices*, performed extracts from Yeats' works, and a Tokyo based troupe performed *Deirde* for the first time in Japanese. Commemorative events such as these help to celebrate the work and influence of famous artists and to bring their work to new audiences.

These traditional writers, along with Flann O'Brien and Seamus Heaney continue to influence Japanese writers. Their appreciation for nature, tradition and mythology in Irish arts resonates deeply with the Japanese culture. Flann O'Brien influenced the Japanese writer Abe Kobo. As for Seamus Heaney, Ireland's late Nobel Laureate, he is a writer as loved in Japan as he is in many other places. In his case, his pronounced groundedness, his commitment to such places of memory as Mossbawn, Toner's Bog and Barney Devlin's Forge appeals to Japanese just as, in a pronouncedly different register, does Yeats's evocation of Ben Bulbin.

Irish and Japanese poets have been influencing each other for more than 60 years. Direct or indirect Japanese influence on the literary output of Ireland's poets in the English and Irish languages has been described by Seamus Heaney in his anthology *Afterwards* as the 'Japanese effect'. Limerick poet, Michael Hartnett, derived inspiration from one of Japan's most revered

and practiced poetic forms the *haiku*, a short form of nature-oriented poetry that thrived in the 17th century and also wrote a collection of 87 *haiku* in 1985. Seamus Heaney was also an aficionado of Japanese *haiku* poetry, as is evident in his 1991 collection *Seeing Things* and Paul Muldoon was also attracted to the *haiku* form and to other Japanese influences.

To mark the 50th anniversary of diplomatic relations between Japan and Ireland, *Our Shared Journey*, edited by Irene de Angelus and Joseph Woods, and with an afterward by Seamus Heaney, brings together a selection of poems and *haiku* by Irish writers, written and published in those fifty years.

The prestige of Irish literature, poetry and the performing arts in Japan provides a strong platform for modern Irish artists to introduce their works to a Japanese audience. Familiar names of contemporary writers such as John Banville, Colm Tóibín, Colum McCann, Roddy Doyle, Anne Enright and Sebastian Barry have been joined by a second, perhaps even a third, wave of Irish writers, including Kevin Barry, Emma Donoghue and Eimear McBride who have found fame at an international level.

In 2015, Prof. Kuninao Nashimoto of Hosei University Tokyo and Prof. Emerita Takako Hearaki of Kobe Shoin Women's University translated Brian Merriman's 18th century poem *Cúirt an Mheán Oíche*. It became the first translation directly from Irish to a language other than English in over 100 years. This seminal work joined the numerous other Irish plays and books which have been translated to Japanese such as; *Innocence* (1987) by Frank McGuinness; *A Fragile City* (1995) by Michael O'Siadhail; *By Salt Water* (1997) by Angela Bourke; *The Infinities* (2009) by John Banville; *This Year it Will be Different* (1996) by Meave Binchy; *The Book of Lost Things* (2006) by John Connolly. International festivals, including literature exchanges, provide useful fora for bringing these and other Irish artists to the attention of an appreciative Japanese audience.

Traditional Irish music and dance have become immensely popular in Japan. The social culture of the Irish pub scene in Japan, where music sessions are often held, has created a warm and welcoming environment for musicians and music enthusiasts alike. Murphy's Irish pub in Osaka was the first official Irish pub opened in Japan in 1991, and it opened with the specific purpose of hosting Irish music sessions. Irish pubs can now be found in the major cities across Japan. Musicians often comment on the comparability between traditional Irish music and Japanese music, particularly the simplicity which is found in both styles. There is also a similarity between the *bodhrán* and the Japanese *taiko*, or the flute and the Japanese *shakuhachi*. Perhaps most significantly, Irish music engages the important Japanese value of nostalgia, which creates a familiarity and connection

with the music for Japanese people. Indeed, Irish songs and melodies have links to Japan which go back some one hundred years. During the Meiji Restoration, Irish songs such as *The Last Rose of Summer* and *The Sally Gardens* were given new lyrics and were included on the national education curriculum.

Today, traditional Irish artists such as Sharon Shannon, Altan, Lúnasa and Enya are popular in Japan. The Chieftains are probably the best known traditional Irish artists in Japan and their performance in Japan in 1991 was considered by some as a turning point in the popularity of Irish music in the country. Later the popularity of *Riverdance* contributed immensely to the Japanese interest in traditional Irish dance and music. The Japanese audiences who have seen *Riverdance* respond to the similarities which the show has with traditional Japanese performances. The golden paneled images and the depictions of the rising sun have traditional Japanese influences. The combination of the tap dance rhythm and the drum beats are reminiscent of *taiko* drumming. Takayuki Hayashi is one Japanese Irish dancing enthusiast who was inspired to become an Irish dancer having seen the *Riverdance* performance and who eventually danced as part of the cast. He now runs a popular Irish dance schools in Tokyo. Other Irish dance schools are located in Osaka and Yokohama and they credit their popularity to the *Riverdance* phenomenon.

The Japanese branch of Comhaltas Ceoltoiri Éireann (CEE) is the only branch in Asia and is the main body for promoting Irish music and dance in Japan. Through regular classes and meet-ups as well as events such as céilíthe, the annual Shamrock Festival, and the Féile Tokyo, the Comhaltas has played an integral role in growing the interest of Irish music and dance culture in Japan. 2016 was a notable year for Irish music in Japan. It was the first year that participants from Japan, or from anywhere else in Asia, qualified at an Asian local fleadh and had the opportunity to compete in the Fleadh Cheoil na hÉireann in Ennis Co Clare. Two Japanese céilí bands attended the Fleadh, including the Toyota Céilí Band, which was founded in 2011 and became the first band to hold regular céilí events in Japan, and the Taro Céilí Band, which is comprised of up and coming musicians from across Japan. In September 2016, the first ever Irish harp event was held at the KEK's Kobayashi Hall, which included a recital by Keiko Kikuchi, a well-known scholar and performer of the harp.

Music, dance and food are key elements of the St Patrick's Day celebrations in Japan. The first St Patrick's Day parade took place in Tokyo in 1992, and since then parades have expanded across Japan to include: Chiba, Osaka, Yokohama, Yokosuka, Nagoya, Matsue, Takamatsu, Fukuoka, Kumamoto and Okinawa. The festival has become much more popular in Japan with



Brendan Howlin, the then Minister of Public Expenditure and Reform, attends the St Patrick's Day Parade in Tokyo in 2015

activities celebrating Irish culture taking place in the weeks before and after the festival. Of particular note is the I Love Ireland Festival and the Emerald Ball, which have become annual activities in Japan. The I Love Ireland Festival is celebrating its third year in existence. The Irish Network Japan has played an integral role in organising the events and the parades. The growing profile of the St Patrick's Day parades has in turn lead to an increased interest in Irish culture, for example, in 2016 an Irish music ceremony was organised in Ise to showcase traditional Irish music and musicians. The St Patrick's Day celebrations are also important occasions in Ireland-Japan political relations. As Leo Lewis wrote in the *Financial Times* in March 2016:

*"There is soft power, there is punching above your weight and then, on another price-to-earnings ratio entirely, there is the St Patrick's day parade in Tokyo. Ignore for a second the prancing leprechauns, Guinness hats and other begorrah-ery. Consider instead an event that closes down Asia's most elegant shopping street on a national holiday weekend, is heralded weeks in advance by Japanese and Irish flags and draws 30,000 spectators."*³⁵

In recognition of the importance of Japan as a strategic partner for Ireland, a number of ministers have attended the St Patrick's Day celebrations in Japan, including: Leo Varadkar, then Minister for Transport, Tourism and Sport, in 2013; Frances Fitzgerald, then Minister

for Children and Youth Affairs, in 2014; and Brendan Howlin, then Minister for Public Expenditure and Reform, in 2015.

Film and animation have become important facets of both Japanese and Irish culture. While the Irish film industry has developed considerably over the last number of years, it does not compare in terms of scale with the film industry in Japan, which ranks as the world's fourth largest. Despite this difference in size, the Irish film industry has experienced extraordinary success, with a total of ten Academy Award nominations in 2015/2016 for feature films including *Room* (2015) and shorts such as *The Stutterer* (2015).

There is an intrinsic cultural value in promoting Irish film in Japan and showcasing Irish film at international film festivals is one of the key entry points for Irish film in Japan. *RúBaí* (2013), *hoe* (2013), *Crossword* (2010), *The Night Nurse* (2010) and *Corduroy* (2009) have featured at the prestigious Short Shorts and Asia Film Festival in Japan. *Atlantic* (2009) won the Best Very Short Film award and *Rolla Saor* (2007) won the Audience Award at the Sapporo Short Film Festival.

In 2015, Tom Moore's *Song of the Sea* (2014) secured the Grand Prize at the second annual Tokyo Anime Award Festival and was cited for its use of mythology and for its lush landscapes. In the same year, writer and director of *You're Ugly Too* (2015), Mark Noonan, was

awarded the Best Screenplay award at Japan's Skip City International D-Cinema Festival. In comparison, 2016 marked the 8th annual Japan Film Festival in Ireland, which is supported by the Embassy of Japan, the Ireland Japan Association, the Japan Foundation and others.

Not only does film offer an avenue for increasing cultural understanding, but there are a number of films which document historic and cultural aspects of Japan-Ireland relations. *Thanks to Your Noble Shadow* (2015) is a documentary which follows the life story of Sr Paschal O'Sullivan, who spent over 75 years as a missionary in Japan. *A Doctor's Sword* (2015) tells the story of Dr Aidan MacCarthy, a Castletownbere native, and his wartime experience in Japan during WWII. Sé Merry Doyle produced a documentary about Jimmy Murakami's early life, entitled *Jimmy Murakami: Non-Alien* (2010). Films such as these add significant value to Ireland-Japan relations by documenting their development over time and in a format which has mass appeal.

The Irish animation sector has grown considerably in recent years and it has produced a number of award winning animations, such as *The Secret of Kells* (2009) and *Song of the Sea* (2014). Animation has become an increasingly important medium of cultural exchange between Ireland and Japan, which is notable because of the ongoing and vast popularity of anime and manga in Japan. Jimmy Murakami, a Japanese-American animator, whose credits include *The*



Song of the Sea (2014)

Snowman (1982) and *When the Wind Blows* (1986) employed over 100 animators in Dublin and was extremely influential in developing Ireland's animation industry, teaching generations of Irish animation students at IADT and Ballyfermot College the secrets of the profession. Traditional Japanese block print styles also influenced Tom Moore, a student of Murakami, and co-creator of *The Secret of Kells* (2009).

The popularity of anime and manga in Ireland is ascribed to the growing interest in Japanese anime series and films such as Studio Ghibli's *Spirited Away* (2001) and *My Neighbor Totoro* (1988) which have found a huge following in Ireland. An interesting example of how anime is influenced by cross-cultural links is the anime TV series *Fractale* (2011), directed by Yutaka Yamamoto, which takes place on an island resembling a 22nd century Ireland with certain scenes taken directly from Galway. Apart from the setting and the cultural references in the story, the theme tunes for the end of the programme are English and Japanese versions of W.B. Yeats' *The Sally Gardens*.

Ireland and Japan have a long history of traditional craft and design, and design is an area where Ireland competes strongly on the international stage. The ethos and aesthetics of Japanese design has influenced Irish designers from Eileen Gray in the early 20th century, who was mentored by Seizo Sugawara, to contemporary furniture designers such as Zelouf and Bell, and Joseph Walshe.

In addition to the cultural value of design, the importance of design as a driver of economic growth led to the development of the *Irish Design 2015* programme. This programme was convened by the Design and Crafts Council of Ireland (DCCOI), the Department of Foreign Affairs and Trade, the Department of Jobs, Enterprise and Innovation, and Enterprise Ireland in order to raise the profile of Irish design internationally and was launched at the Irish Embassy in Tokyo by Joseph Walshe at a reception hosted by H.E. Anne Barrington, Ireland's Ambassador to Japan. Other Irish artists and designers who have been influenced by Japanese design include artist Ed Miliano, silversmith Colin O'Dubghaill, and woodturner John Lee.

The Design and Crafts Council of Ireland promotes Ireland's design and craft industry and aims to communicate Ireland's strengths in this sector at an international level. One of Ireland's biggest success stories in Japan is Kiely Rowan Plc, which manufactures the hugely popular Orla Kiely brand of products. Avoca Handweavers, one of the world's oldest manufacturers, has also achieved success in Japan through a local distributor. Avoca's Japanese language website sells some of the company's best-known products, including throws, scarves and ceramics.

35 The Financial Times (2016) Japan Loves its Geeky Passions But Forgets the Foreign Fans

DCCOI, in partnership with Enterprise Ireland, has been working to improve the position of Irish designers in the Japanese market. In May 2015, DCCOI signed a Memorandum of Understanding regarding mutual co-operation in design promotion and exchanges with the Japan Institute of Design Promotion. Buyers from Japan attended Showcase 2016, a trade event, which was held at the RDS in Dublin in January 2016. This annual event is aimed at retailers looking to source Irish design and craft products and is a hugely important event for promoting Irish design.

In Ireland there is a growing appreciation for Japanese art. The Chester Beatty Library in Dublin, which was founded by Alfred Chester Beatty, a private collector in the 20th century, and which contains an exquisite collection of painted scrolls from the 17th and 18th century, woodblock prints by Katsushika Hokusai and decorative arts. The National Museum of Ireland also holds unique collection of Japanese art donated by Irish American, Albert Bender in 1932. These collections offer Irish and Japanese visitors the opportunity to admire priceless artefacts of Japanese culture dating back over the centuries. Richard Gorman is well known for the use of handmade Japanese paper in his work, which is heavily influenced by his travels to Japan. Gorman named his 2016 exhibition at the Kerlin Gallery in Dublin *Iwano*, after *Iwano Heizaburo*, a master paper producer from Echizen with whom Gorman collaborated with for more than 25 years.

There is a growing interest in Japan in sports such as soccer and rugby. The 2002 FIFA World Cup was held in Japan and contributed to the popularisation of football in the country. The Irish teams and fans who attend such events, through their goodwill and passion for sport, promote a positive and inclusive image of Ireland and Irish sport.

Rugby has gained mass appeal in Japan, particularly since Japan's win against South Africa in the 2015 Rugby World Cup. Ireland's first test match with Japan took place in 1991 at Landsdowne Road. The Irish team plans to tour Japan in 2017, and the relationship between the IRFU and the JRFU is likely to deepen as a result. There is potential to develop ties between Ireland and Japan in terms of rugby. Japan's success at the World Cup in 2015 and its selection as the host nation for the Rugby World Cup in 2019 - the first Asian country to do so - is a matter of great pride in Japan.

Japan will also host the Olympic Games in 2020, for the second time, while Ireland, in turn, is a candidate to host the Rugby World Cup in 2023. For both countries these events offer opportunities to increase awareness of and goodwill towards Japan and Ireland. Irish businesses may take advantage of new business opportunities in services and products associated with such

sporting events which greatly increase the profile of the host country internationally and attract huge numbers of fans and tourists.

Ireland's traditional sports, Gaelic football and hurling, have also featured in Japan thanks to their cultivation there by the Irish diaspora. The Japan branch of the GAA was founded in 1998, and in 2000, the Japanese team won their first victory in the Asian Gaelic games. Since then, the Japan GAA has claimed a number of titles including recently: Women's All-Asia International Cup Winner 2015, Men's All-Asia Intermediate Plate Winners 2015 and Women's All-Asia Intermediate Plate Winners 2015. Competitions such as the Asian Gaelic Games and the North Asian Games facilitate the growth of the sport across Asia and Japan, and they are often a highlight of the calendar for the Irish in the region.

The Asia Pacific Ireland Business Forum (APIBF), which was established in 2006, is another example of how Irish sport and the Irish diaspora can be mobilised in Japan. The forum is organised simultaneously with the Asian Gaelic Games. The games attract more than seven hundred players from thirty clubs across the Asia region, mainly comprised of young professionals and graduates. By organising these events simultaneously, the sports activities help to connect the Irish diaspora across the region, and provide a focal point around which other organisations can plan activities.

The increasingly globalised nature of sports as instanced by the cultivation of traditional Irish sports in Japan and Asia more generally - and indeed, of Japanese martial arts in Ireland and throughout the world, along with world-wide broadcasts of the more important events, can be expected to lead to greater mutual awareness in the case of the relations between Ireland and Japan.

Ireland's Neil Francis claims a high ball against Japan in 1991



52

Conclusion

In 2017, Ireland will celebrate the 60th anniversary of diplomatic relations with Japan. The fabric of Ireland-Japan relations has become more densely interwoven since 1957 and Japan has also become an increasingly important partner for Ireland not only in respect of cultural and political ties but also in respect of many sectors of the economy. The 60th anniversary offers the opportunity to review these ties and to explore and deepen all aspects of the relationship.

The *Programme for Partnership Government*, agreed in May 2016, contains a commitment to develop a new cross-sectoral, whole-of-government strategy for the Asia-Pacific region, recognising the strengthening relationship between Ireland and many Asia-Pacific countries. The argument for a specific whole-of-government strategy for the Asia-Pacific is driven by the need to build resilience into the Irish economy by increasing and diversifying Ireland's export markets and broadening its FDI sources, while at the same time building on existing strong and mature bilateral relationships. The importance

of this market diversification is particularly acute given the United Kingdom's decision to leave the European Union. The strategy is due to be finalised in 2017, and will provide an ideal opportunity to develop a new, long-term approach towards engaging with Japan.

Prior to this, in 2013, an Taoiseach Enda Kenny and Prime Minister Shinzo Abe launched a new *Japan-Ireland Partnership for Innovation and Growth*. Both governments resolved to expand and deepen their bilateral relationship, and 2017 was established as the timeframe for achieving a number of specific goals in economic, research and cultural cooperation. The significance of the partnership document was its definition of a strategic framework for Ireland-Japan relations, and it has led to a number of positive developments. As the timeframe for the conclusion of the three-year joint partnership programme approaches, there is a realisation that Ireland-Japan relations would benefit from developing a new partnership agreement which would expand the number of areas covered by the current agreement, such as agri-food, financial technology and medical technology, and include new topics, such as tourism.

The full potential of the Ireland-Japan relationship has yet to be realised, and there are many opportunities for developing relations in the areas of trade, investment, tourism, education and culture.

There may be opportunities to increase the level of Japanese investment in Ireland after Brexit. Ireland will face strong competition from other EU Member States in trying to attract Japanese firms but its proven competitive advantages in this field, inter alia, as the only English speaking country in the EU, could attract an increased amount of Japanese foreign direct investment. While there is already some familiarity with the Japanese work ethos and cultural practices due to the increasing number of Irish people employed by Japanese companies in Ireland, more effort will be called for if Japanese firms are to invest further in Ireland. This includes addressing issues relating to the availability of affordable office space and appropriate accommodation, high quality healthcare and education, and well-functioning infrastructure. Additionally, it may be necessary to increase the resources available to IDA Ireland to enhance its ability to build relationships with Japanese firms who might invest in Ireland.

Irish businesses in sectors such as agri-food, ICT, financial technology, pharmaceuticals and medical devices have developed world-class capabilities that put them in a strong position to succeed in the Japanese market. It needs to be borne in mind that doing business in Japan can be challenging for Irish companies due to a range of barriers such as language difficulties, cross-cultural understanding, the burden of regulations and the

time required to build trust and friendship with Japanese partners. These obstacles are encountered to varying degrees across all sectors. So, to succeed in a highly-sophisticated market such as Japan, Irish companies need to have the requisite capabilities, adequate resources and a world-class product or service. Irish businesses which are successful in Japan have indicated that operating in Japan has improved their business overall, because they have been able to apply the high quality standards that they had to meet in Japan to other markets in which they operate.

The launch of Tourism Ireland's new Japanese language website has the potential to mark a new and improved phase in Ireland-Japan tourism relations. While further investment in the Japanese market will be required, the portal is a welcome first step in reestablishing a Tourism Ireland presence in Japan. Reopening a Tourism Ireland office in Tokyo would also increase Ireland's profile in Japan. For digital natives, the internet is the first port of call for decisions on holiday destinations. The opportunities inherent in a bespoke digital tourism strategy for Japanese tourists could be expanded by use of social media in addition to the web portal. The featuring of Skellig Michael in the Star Wars series has attracted younger tourists to Ireland. There is plenty of scope to increase the overall number of Japanese visitors coming to Ireland as many of the preferences of Japanese tourists, who are attracted by the natural beauty of the Irish landscapes and tend to favour niche holidays such as golf or rural tourism, work in favour of Ireland. The single most important advancement would be the introduction of a direct flight between Ireland and Japan. This has been on the agenda for many years, but financial considerations and passenger numbers are often cited as reasons for not proceeding.

The internationalisation of education has become a priority for Ireland and Japan, and Ireland has the potential to become an attractive destination for Japanese students in studying abroad. The Department of Education and Skill's *2016-2020 Strategy for International Education and Foreign Languages Strategy* provides an opportunity to prioritise Japan as a partner country in international education, and to boost the profile of Japanese language in the Irish education system. This could enhance the funding and resources committed to teaching Japanese studies in Ireland, which need attention and renewal.

Student exchanges and other such exchange programmes offer significant potential for enhancing cross-cultural awareness and peer to peer links between Japan and Ireland and are beneficial in generating linguistic and business skills which can have a long-term impact on their future career prospects and on the economy. In particular, establishing a successor programme to the FÁS Overseas Graduate Pro-

Conclusion

gramme would be welcomed by Japanese and Irish industry alike, as graduates of this programme have played important roles in facilitating both business and cultural connections.

There is a particular opportunity in the field of the teaching of English as a foreign language. Here, the temptation has been to consider that the advantages of Ireland are so patent that there is no need for close regulation or supervision. This will not work in the case of Japan. Only an offer of the highest international quality, accompanied by strict assurances of the quality of accommodation and well-being of the students will meet the standards to which Japanese are accustomed, both at home and in countries with which Ireland is competing in this area.

Academic research collaboration has become one of the most successful areas of the Japan-Ireland relationship. In particular, the International Strategic Cooperation Award has allowed individual universities and third level institutions to come together in consortia and achieve economies of scale which facilitate cooperation with academic and corporate partners in Japan. Although this initiative had some success in promoting peer to peer research exchange and attracting research funding, similar initiatives in the future would benefit from longer timeframes, as they are often too short to build sustainable links between the partner institutions.

In the area of cultural relations, interest in the Irish arts in Japan is sophisticated and discerning. Identifying Japan as a priority in long-term strategic approach at a government level would provide the mandate for cultural organisations and agencies to focus increasingly their activities on Japan. It would also provide guidance and support for the vibrant community of voluntary organisations and the growing of Japanese and Irish diaspora who promote Irish culture in Japan.

The potential of sport has been illustrated and support for GAA efforts to internationalise Gaelic games and bring them to a wider audience would result in increased cultural and tourism benefits. Ireland will also have the opportunity to learn from Japan's experience of hosting the Rugby World Cup in 2019, as Ireland prepares its candidacy for the 2023 tournament.

Over the last 60 years, political relations between Ireland and Japan have been carefully cultivated by the Embassies in Tokyo and Dublin and enhanced by a series of state and official visits. These visits remain the focal point around which some organisations plan activities and introduce new initiatives, and they are particularly important for organisations which do not have dedicated personnel on the ground in Japan. As Ireland House in Tokyo has played an invaluable role

in connecting Irish businesses and other agencies with their Japanese counterparts, any increase in staffing for Ireland House would strengthen further Ireland's profile in Japan.

It is evident that much has been achieved since Ireland and Japan established diplomatic relations in 1957. The political, economic and cultural ties that have been formed between the two countries are testament to the endeavors of the Irish and Japanese people involved. The 60th anniversary of diplomatic relations in 2017 offers the chance to reflect and build upon the strong partnership that exists today so as to ensure even more fruitful Ireland-Japan relations tomorrow.

Appendix: Ireland-Japan Trade Relations

Irish goods exports to Japan

Irish merchandise goods exports to Japan have been broadly stable over the past decade, running at just under €2bn annually on average.³⁶ Most positively, 2015 recorded a surge in the value of goods exports by more than 100 per cent. Moreover, the near €4bn received by Ireland-based firms for goods exported to Japan was the highest on record. This large increase was not, however, broad-based, but the result of a sudden jump in exports of medical and pharmaceutical products - €134m in 2014 to €2.2bn in 2015.³⁷ As a result, this individual export product category accounted for more than half of the total value of Irish goods exports to Japan in 2015.

The longer-term trend in sales of Irish goods to Japan has been less positive, with a downward trend in the first years of the last decade and stabilisation thereafter, with the aforementioned exception of 2015.

In recent years, apart from the surge in medical and pharmaceutical products, two categories of goods exports have dwarfed all others. At €449m in 2015, organic chemicals have been the largest single export category in five of the past seven years. During that time the value of organic chemicals exports from Ireland to Japan has averaged around €450m per annum. In close second place are exports of "photographic apparatus; optical goods; and timepieces". In 2015 the value of these exports stood at just over €400m, broadly in line with levels over the course of the current decade thus far.

Only three other categories of Irish goods exports have exceeded €100m in value on an annual basis in recent years. The category described as "essential oils; perfume materials; toilet and cleansing preparations" stood at €184m in 2015. While there has been some fluctuation in the value of this category of exports since the beginning of the

last decade, it has been broadly stable with volatility likely to reflect exchange rate movements to a considerable degree.

"Miscellaneous manufactured articles" generated €152m in export earnings in 2015. This is a catch-all category which includes highly specialised products not easily assigned to the main product category groupings. Irish exports of this kind to Japan have been broadly similar to the 2015 level since 2000, with fluctuations likely again attributable in large part to currency movements.

Exports of "professional, scientific and controlling apparatus" stood at just over €100m in 2015. This category of exports, however, has been on a downward trend since peaking at €250m in 2006.

Of total Irish exports, up to 90 per cent are accounted for non-Irish multinational companies. Although no breakdown is available for individual countries, it is likely that Irish exports to Japan are no less dominated by the multinational sector given that such firms account for the overwhelming percentage of output in the sectors discussed above.

The exception to this general rule is food products, a significant proportion of which are produced by indigenous Irish firms. Food and beverage exports to Japan stood at €35m in 2015. Slightly below the average of the past decade, Irish food and beverage exports to Japan in 2015 accounted for less than 1 per cent of the total value of Irish exports to that country.

Japanese goods imported into Ireland

The value of Japanese goods imported into Ireland in 2015 stood at just over one €1.8bn, the highest level since 2006. Unlike the pattern of Irish exports to Japan, imports into Ireland from Japan declined sharply with the advent of global economic crisis in 2007. The much-reduced level of demand in the

Irish economy at that time contributed to more than a halving in the value of Japanese imports between 2007 and 2009. Over the following three years Japanese goods import values remained low, at well under €1bn annually. Reflecting the recovery in the Irish economy since 2012, however, each subsequent year has seen a rise in the value of imported goods from Japan. That said, the level recorded in 2015 remains marginally below the €2bn average in the 2000 to 2006 period.

As in the case of exports, the composition of imports has changed very significantly in recent years. Machine tools accounted for a little under half of the value of Japanese imports into Ireland in 2014 and 2015 (these are described in the merchandise trade data as "machinery specialised for particular industries"). In 2015 the value of imports in this category stood at just over €700m, marginally below the record level of €800m in 2014. These figures are vastly larger than in the past. As recently as 2012 imports of this category of goods was as low as €35m and even before Ireland's economic downturn the highest annual level of importance in this category stood at €108m.

The second largest category of imports from Japan are road vehicles. In 2015 the value of auto imports stood at €350m. Vehicle imports were particularly negatively affected by Ireland's recession, falling in value by 90 per cent in the two years to 2009. In that year, they reached a recent low-point of only €45m. Although there has been a strong recovery since 2012, imports of vehicles by value remain significantly below pre-crisis annual averages, when they ranged between €400-500m.

The third largest type of import from Japan is organic chemicals. In 2015 the value of such goods purchased from Japan stood at €210m, by a distance the highest figure on record and almost twice the level of 2014. The increase in two-way trade in organic chemicals reflects deepening trade relationship in the sector.

No other import category exceeded €100m in 2015. Other categories of significance below that figure were: electrical machinery, apparatus and appliances (€91m); medical and pharmaceutical products (€65m); general industrial machinery and equipment (€60m); chemicals and related products (€58m); and power generating machinery and equipment (€53m).

Irish services exports

Ireland's export profile with the rest of the world is unusual. Approximately half of the value of the country's total exports (to all markets) are accounted for by services. This is much higher than the average among developed countries, which is approximately 20 per cent. The shift in the Irish export profile towards services has been particularly marked over the past decade or so. That has happened both because of very strong growth in services exports, but also because of a deceleration in growth of merchandise goods exports.

In 2015 Irish services exports to Japan recorded annual growth of 18 per cent, to stand at a record €3.2bn. This amounts to a near-tenfold increase on 2003, the first-year Irish data were compiled. Analysing services trade data is more challenging than merchandise data, not only because of a more limited breakdown by subcategory but also because in this particular case many figures have been suppressed for reasons of confidentiality (statisticians are obliged to suppress data if the number of reporting firms is small and could result in commercially sensitive information being divulged).

From the available data, and as is the case with Ireland's total services exports, computer services appear to be the largest single subcomponent in exports to Japan. Although data for four of the five past most recent years have been suppressed, the value of computer services exports to Japan stood

³⁶ All data used here are from Ireland Central Statistics Office. It should be noted that Japanese trade data can show significantly different values and trends. Such differences in bilateral trade data from national sources are not uncommon

³⁷ A series of re-domiciling or inversions by multinational firms in Ireland is thought to have contributed to artificially inflated export (and GDP/GNP) figures for 2015. However, strong growth in areas such as food suggest that exports remain robust in the indigenous sector.

Appendix: Ireland-Japan Trade Relations

at €1.4bn in 2012 (the most recent year available). Growth in the value of computer services exports to Japan exceeded 300 per cent between 2006 and 2012. The available data also shows that the value of operational leasing exports in 2015 was €143m. This compares to €102m in 2014 and €114m in 2013.

Growth in Irish exports of business services to all markets have been second only to exports of computer services in recent years, with strong growth in areas such as leasing and merchanting. Again, the broader pattern is replicated in bilateral trade relations with Japan. In 2015 the value of total business services exports to Japan stood at €213m, down marginally on 2014. A decade-long perspective shows a rapid rise in Irish services exports to Japan from 2003 until 2008, when exports of business services peaked at €461m. This was followed by a sharp decline until 2013. 2014 was only the second year since the global crisis in which the value of business services exports grew.

Japanese services imported into Ireland

The value of Japanese services imports into Ireland declined marginally in 2015 to €969m from an all-time high of €985m in 2014. The annual increase in 2014 - of 8 per cent - was the continuation of a trend in evidence since the depths of the global and Irish recessions in 2009. From that low point, the value of Japanese services imports into Ireland doubled. This pattern was different from the previous five years in which there was quite a deal of volatility, but no clear upward or downward trend.

As is the case with Irish services exports, much of the more detailed breakdown on imports from Japan is suppressed for reasons of confidentiality. That said, business services have accounted for between one third and one half of the total services imports since 2009.

