



to expand into Eastern Europe because of its proximity to the war. At the same time, the European Union, to which Germany belongs, is facing the tariff disputes with the United States.

During Angela Merkel's tenure as German chancellor (2005–2021), Germany strengthened its economic relationship with China, drawn by its vast labor pool and position as Asia's largest market. Yet political uncertainties and concerns about technology transfer and intellectual property leakage continued to cast a shadow over that relationship. Pannen argues that Japan stands out because patents and intellectual property rights are well protected, making it "a stable partner in Asia."

Even German companies, which come from a country renowned for its strong work ethic, regard Japan's manufacturing quality control as exceptional. "When it comes to ensuring product quality, Japan is number one worldwide" Pannen said. A weaker yen has further enhanced Japan's attractiveness. "Investment in Japan has become increasingly active as companies look for a dependable labor force," he added.

### **Investment Keeps Pouring In: "The World's Best Quality Control"**

For example, in 2024, the Japanese subsidiary of Bosch, the world's largest automotive parts manufacturer, relocated to a newly established headquarters in Yokohama and has strengthened its research and development capabilities. Meanwhile, the pharmaceutical company Boehringer Ingelheim announced plans to invest a total of €300 million (about ¥55 billion) by 2028, including the construction of a new facility at its plant in Yamagata Prefecture.

Further, Mitsubishi Fuso Truck and Bus located in Kawasaki and part of Daimler Truck, has been expanding its market share in Asia, showing the creation of strong synergies through the collaboration between Japanese and German firms. "If a good partner can be found, stable growth is achievable," Pannen said. He predicts the demand for machinery manufactured by German companies—already compliant with strict environmental regulations—to continue increasing in the years ahead.



Hartmut Pannen, the director of K.K. IRISU, discusses the attractiveness of the Japanese market at the company's Tokyo headquarters in Shinagawa, Tokyo.

### **Second Article**

#### **"Stability and Trust" are valued by 93% of Foreign Companies in Japan**

According to the Business Climate survey "German Business in Japan 2026", published by the German Chamber of Commerce and Industry in Japan (Tokyo), 93% of responding companies cited "stability and reliability of business relations" as an advantage of operating in Japan (multiple answers were allowed).

A further 90–91% of companies listed "economic stability" and "high qualified workforce" as advantages, showing that German firms highly value the stability of the Japanese market. Regarding the position of the

Japanese market within their global corporate groups, 44% of respondents said it is considered one of their “top five markets” worldwide.

When deciding on investments in Japan, 37% of companies pointed to the “digitalization of industries and services” as a main factor, especially regarding innovation such as artificial intelligence (AI) and IT-related fields. The survey was conducted from January 30 to February 12 among 475 German companies operating in Japan, with responses collected from 175 companies.

### Third Article

#### Oldest Market Entry, K.K. IRISU contributed to Japan’s Modernization

K.K. IRISU, whose group headquarters is located in Hamburg, Germany, is known as the oldest existing foreign-affiliated company to have entered Japan. Its predecessor, L. Kniffler & Co., opened offices in 1859 (Ansei 6), at the end of the Edo period, in Dejima in Nagasaki and in Yokohama.

From the early stages of Japan’s modernization, the company was active in supplying warships and firearms to the Tosa domain through a liaison with Yataro Iwasaki, the founder of the Mitsubishi conglomerate. It is also said that Yukichi Fukuzawa, the founder of Keio University, purchased an English conversation dictionary translated into Dutch during that time. During World War I, when Japan and Germany were on opposing sides, the company was forced to suspend operations in 1915 as a firm from an enemy nation but resumed domestic business in 1919. It later served as an intermediary for the entry of German manufacturers into Japan, including acting as an agent for luxury car maker BMW. However, after World War II, under the Allied occupation authorities (GHQ), it was not granted permission to operate again until 1952.

Pannen expressed gratitude, saying: “Even when the business faced situations where it could not continue, our Japanese employees returned once operations resumed.” Today, the company sells advanced German machine tools and other equipment to approximately 8,000 clients in Japan.



**Left:** A photograph taken in the early days of K.K. IRISU. The second person from the left in the back row is Karl Illies, the company’s founder, and the third is Yataro Iwasaki.

**Right:** The cover of a congratulatory document marking the 25th anniversary of the renaming to “C. Illis & Co.,” displayed inside the company, among other materials, at the Tokyo office in Shinagawa Ward.