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Jesper Koll on capitalism that works
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June marked one year since my last eye surgery, the fifth in a series of intrusive procedures I underwent starting in October 2016. So, it was only fitting that, as the anniversary passed, I was editing a story related to advances in medical technology. Tim Hornyak’s piece about how artificial intelligence (AI) and robotics are transforming healthcare (page 34) gives me hope that, one day, the vision in my left eye could be restored.

SCIENCE FICTION?
If you regularly read my column and features, you know by now that I am a lifelong fan of science fiction. Since my eye problems first started in 2014—when I had cataract surgery and an artificial lens was placed in my left eye—I have thought back to the blind chief engineer of the Starship Enterprise, Geordi La Forge. While the first image of him that will come to your mind is one with the hair barrette-like visor across his face, the one that I go back to is from the film First Contact, in which the visor was shed for bionic implants that looked like real eyes. Could such a thing be possible?

SCIENCE REALITY
I recently read in Science Advances, a peer-reviewed multidisciplinary scientific journal, about research into artificial eyes being conducted at the Harvard John A. Paulson School of Engineering and Applied Sciences. This technology could bring to those with impaired vision the kind of autofocus, auto-zoom capabilities of La Forge’s implants.

The implant in my left eye is a rather new type of omnifocal intraocular lens (IOL), one that goes beyond the traditional mono or bifocal properties of IOLs. Mine has the ability to focus anywhere—at any distance—almost instantly, like a natural eye—or it did before the retinal detachments and surgeries. But what the Harvard researchers have developed is a silicon-based adaptive metalens that is mounted on a transparent, stretchy polymer film. The material allows electronic control over three major contributors to blurry images: focus, image shift, and astigmatism—a common eye defect in which the shape of the eyeball is somewhat oval rather than spherical.

HELP IN SIGHT
Blurry vision that cannot be corrected with glasses or contact lenses is the problem with which I currently struggle, and the only hope right now is additional surgery. Another procedure, however, could introduce new problems, so I have chosen to live with it.

But new advances such as the adaptive metalens give me hope that my blurry, dim, distorted vision may not be a lifelong condition. There is a long way to go before the technology can be applied to human sight, but it is something that seemed like pure science fiction when I first saw La Forge shed his iconic visor for implants in 1996. We’ve come a long way in 23 years. Imagine where we’ll be two decades hence. And it’s all being made possible by advances in technologies that are growing exponentially and are, in large part, inspired by the science fiction of yesterday.

A flagship publication of the American Chamber of Commerce in Japan (ACCJ), The ACCJ Journal is a business magazine with a 56-year history.
WE TAKE OUR FUN SERIOUSLY

Talk to us today about our membership options, including a new category for expats on short-term assignments.

TOKYO AMERICAN CLUB
The relationship that the American Chamber of Commerce in Japan (ACCJ) has with the US government—including the Embassy of the United States in Tokyo, and consulates in Japan—is a cornerstone of our ability to successfully advocate on behalf of our member companies. It is an honor to serve as ACCJ president while ongoing bilateral US–Japan trade negotiations are taking place.

We are fortunate to have a membership comprising dedicated and experienced professionals who ensure that we are engaging at the highest caliber possible. Chairman Christopher LaFleur has been an invaluable champion for US business in Japan throughout the negotiation process. His testimony to the United States Trade Representative in December 2018 made our positions clear, and his recent print and TV appearances have helped ensure that we remain at the table. I thank our focused Executive Committee, our DC Doorknock participants, and the hundreds of ACCJ members who contribute countless volunteer hours to our mission.

MEETING THE PRESIDENT
During the recent visit to Japan by US President Donald Trump, the ACCJ brand afforded me the once-in-a-lifetime chance to build on our engagement with the US government. On May 25, I represented the ACCJ at a business roundtable with President Trump. He welcomed me, as a distinguished guest and ACCJ President, in his remarks after welcoming United States Trade Representative Robert Lighthizer. I am certain this acknowledgement was based on his awareness of the more than 70 years of leadership, commitment, and positive contributions of ACCJ members.

President Trump’s address made clear the high value of the US–Japan economic relationship and the myriad opportunities for Japanese investment that continue in the United States. He also stressed the importance of partnership between the US and Japanese business communities.

VOICE OF US BUSINESS
While talking to the influential Japanese business leaders present, I felt the ACCJ’s impact as the voice of US business in Japan. Several executives remarked on how much they value the ACCJ’s role in helping shape the US–Japan economic relationship. I have followed up with a number of these executives about engaging the ACCJ and potentially speaking to our membership. The response I have received reinforces the positive perception of the chamber.

It was a privilege to represent the ACCJ in our first meeting with a sitting US President in more than two decades, and I am energized by the positive interactions I had at the roundtable. It is also clear that US Ambassador to Japan William Hagerty has an outstanding rapport with Japanese business leaders, and there is a high degree of mutual respect.

BRINGING ADVOCACY CLOSER
While I was privileged to represent our membership at one of the highest levels possible, it is very evident that the majority of the ACCJ’s advocacy work takes place at the committee level.

ACCJ committees engage in extremely important activities to effect change that benefits the business environment in Japan. I am inspired by these passionate members and their strong drive to fulfill their committees’ goals in line with the chamber’s mission.

The ACCJ's External Affairs team is focused on enhancing the ability of committees to execute their advocacy efforts. And they want to make clear how the ACCJ’s advocacy efforts add value for all members. To advance this vision, the External Affairs team is taking advocacy on the road! They will visit committees over the coming months to help members access and understand this critical function of the chamber.

It is my hope that these efforts to engage you will further support committee initiatives.

MEANINGFUL FOURTH
As the Fourth of July approaches, I’m optimistic about the ACCJ’s continued engagement to strengthen the US–Japan economic relationship. Some of my greatest memories of Independence Day are going to the parade in our small town and paying tribute to the military veterans’ groups that carried the American flag. I feel fortunate that my company, Dow, is a proud sponsor of the US Embassy’s Independence Day celebration. I look forward to thanking representatives of the US government and members of the US military for their service to our country.

As the ACCJ moves forward, I ask that you continue to engage with me, the Board of Directors, and your fellow ACCJ members so that we remain one of the most valuable resources available to businesses in Japan. And my best wishes for a Happy Independence Day!

Your guidance and suggestions are always welcome. You can reach me at pjennings@accj.or.jp

It was a privilege to represent the ACCJ in our first meeting with a sitting US President in more than two decades.
These companies join The ACCJ Journal in wishing readers a happy Fourth of July.

www.abbvie.com  www.asij.ac.jp  www.boeing.com

www.chist.jp  www.custom-media.com  www.kikkoman.co.jp


Happy Independence Day to Readers of The ACCJ Journal

It is with great pleasure that I wish our partners at the American Chamber of Commerce Japan (ACCJ) a very happy Independence Day. I am honored to serve as US Ambassador to Japan as we celebrate the anniversary of our nation’s founding.

In the preceding months, we have seen US President Donald Trump make two historic trips to Japan. In May, the President arrived as Japan’s first state guest of the Reiwa era. He returned at the end of June to participate in the G20 Leaders’ Summit in Osaka. These visits underscored the enduring strength and importance of the US–Japan relationship and its future prospects.

Japan is our closest security partner, and our alliance is the cornerstone of peace and stability in the Indo-Pacific region. During his May visit, the President thanked Prime Minister Shinzo Abe for his efforts to boost the depth and frequency of coordination between US forces in Japan and the Japanese Self-Defense Forces. Though we face ever-increasing pressures from regional rivals, we remain focused on ensuring our forces are equipped to meet all emerging challenges.

The President also reaffirmed the importance of our economic partnership. The United States and Japan are the two largest free-market economies in the world and enjoy vibrant and mutual cross-border investment and an important trading relationship. Our leaders have agreed to redouble efforts to put in place a bilateral trade agreement, and we continue to make progress toward achieving more reciprocal and balanced trade.

This July also marks the 50th anniversary of the Apollo 11 moon landing and humankind’s first footsteps on the surface of the moon. Half a century after making that giant leap, the United States and Japan are looking to build upon our shared history of achievement in space. Recently, the President and Prime Minister agreed to expand cooperation between the United States and Japan in advancing human spaceflight. Our nations will collaborate, alongside other partners, to return to the moon and lay the foundation for further human expansion across the solar system.

For more than 70 years, the ACCJ has made tremendous contributions to deepening the US–Japan relationship. The ACCJ also plays a critical role in the US and international business communities through its advocacy, networking, and excellent work strengthening the bonds between our countries.

On behalf of the US Mission in Japan and the people of the United States, I thank you for your continued support and wish you and your families a spectacular Independence Day.

William F. “Bill” Hagerty IV

The ACCJ plays a critical role in the US and international business communities through its advocacy, networking, and excellent work strengthening the bonds between our countries.
Digitalization has changed networking and job-hunting. But while networking is the primary means of landing a job—experts believe at least 70 percent of jobs are found this way—that is not all that networking is good for. Megan Burke Roudebush, founder of networking advisory keepwith, believes networking is the core of meaningful relationship building.

She brought this insight on May 30 to a workshop entitled “The Company We Keep: Building and Maintaining Your Strongest Network,” hosted by the American Chamber of Commerce (ACCJ) Women in Business Committee and the ACCJ Young Professionals Forum at the Deutsche Bank Group Japan Office.

Led by Roudebush, who has more than 14 years of financial services experience, the workshop delivered practical advice on networking best practices, pitfalls to avoid, and the importance of putting deliberate strategy behind networking efforts.

The ACCJ Journal sat down with Roudebush before the event for an exclusive interview.

What does networking mean to you?
Networking is at the core of what keepwith does. We teach networking, and what we like to say to clients is that we have a long definition and a short definition. The short definition is: networking is building relationships.

Whether for personal reasons or professional reasons, at the end of the day, you need to have strong relationships. In today’s busy world, we don’t always spend the time required to think about how we build those relationships. Working with people to build authentic and reciprocal relationships is what keepwith is all about.

Why is networking important?
Because, really, we are better together! If you are trying to accomplish anything, being able to accomplish it with others who support you—and who are in your corner—is just so much better. The other thing that we know is that, when you introduce people to one another, amazing things can happen. We find great joy in helping people to connect with others and to connect other people for all the right reasons.

What are common misconceptions about networking?
There are several. One is that networking is entirely transactional. You do something for me, I do something for you. Or, I am only asking you for this because I need something.

Another misconception about networking is that it is only done for professional reasons, that you only network when you need a job or when you need a new client. I can tell from
personal experience that networking comes into play all the time in both personal and professional contexts.

Another misconception some people have is that they do not have time to network. We are too busy. We go to work, we have families. We put our heads down, do work, and do not have time to build relationships. Just think about that: “I do not have time to build relationships.”

And here is one more. We know from the research and work we have done as a company that the introvert/extrovert distinction influences individuals’ networking styles and approaches. A lot of people think you have to be in a ballroom at a formal networking event with a drink in your hand and a suit on to network. We know this is absolutely not true. In fact, it is a complete myth. Those are just some misconceptions that people have about networking that we work to debunk.

**What are some non-traditional methods?**

I would really like for people to think about the concept of networking as wellness. One non-traditional way to network is when you are in an exercise class and people are taking the class with you. Or when you are volunteering, helping other people, and you are doing that with other people. Other non-traditional ways you can network include serving on a panel at a conference or writing an article with someone. These are all ways you can connect with others that are not really traditional when it comes to networking.

**Why is keepwith different?**

From what we understand, we are unique in that, while there are professional associations and organizations out there where people go to network, there are not necessarily companies teaching how. And so, as we establish ourselves as a company that teaches networking, we have been told time and again that there is a void in the marketplace, and that we do not have direct competition. We know it will come, but for now we actually feel really excited with our uniqueness and the fact that we are a company focused on teaching networking.

**Why should companies invest in networking?**

Every organization needs its people to build strong relationships. That includes relationships external to the organization.
Happy Independence Day from all of us at KIKKOMAN

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Any place, culture or cuisine... Kikkoman is always there.
with clients and strategic partnerships. It also includes internal networking within the organization.

Clients hire us so that their people learn how to really build strong relationships. I cannot think of any CEO of any company who would say, “You know, I do not think I want my people to have strong relationships.”

One of the things that keepwith enjoys the most about our clients is that they span industries and sectors. We do not just focus on one particular industry. We have law firms, professional services companies, consulting companies, healthcare companies, and conferences as clients. We are really excited that our content is relevant across industries and sectors.

**How is networking related to wellness?**

At keepwith we continue to focus on the connections between networking (i.e., relationship building) and wellness. The same way that we all need to eat healthy foods, exercise, and get good sleep, we need to build and maintain your networking relationships. So, when someone says, “I do not want to go” to a formal networking event, that is quite similar to someone saying, “I do not want to go to the gym” or “I do not feel like eating healthy.”

Now, some people just do not like going to those kinds of events. Those people maybe should not go. Instead of going to that formal networking event, perhaps they should be speaking to the person on the spin bike right next to them. Or the person at pick-up or drop-off at their child’s school. If going to formal events really is not somebody’s thing, then thinking about outside-the-box ways to network might be more beneficial.

Overall, there is an existing body of research that show that building and maintaining strong relationships has a positive impact on overall wellness. That is one of the reasons that keepwith enjoys teaching people how to network.

**How do you view social media?**

When it comes to LinkedIn and other social media platforms, we recommend that people come up with a strategy that works for them, rather than taking a one-size-fits-all approach. Personally, and professionally, I tend to take a very conservative approach when it comes to LinkedIn. If I have not met someone in person or had a meaningful phone conversation, then I will not link to them. And that is because, at keepwith, we consider your network to be your most important asset—just letting anybody in is a bit counterintuitive.

That said, some people take a different approach and want to make sure that they connect with as many people as possible. Whatever your preference, we suggest that you have an approach that works for you, and that you be consistent.

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**Megan Burke Roudebush** is involved in the Executives’ Club of Chicago, is a member of the Ethics & Compliance Initiative and the National Society of Compliance Professionals, and sits on the board of the Bryn Mawr Club of Chicago. She received her bachelor of arts degree in peace and conflict studies from Bryn Mawr College, her master of business administration from Union Graduate College, and her juris doctor degree from Albany Law School.

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**THE WORKSHOP**

Royanne Doi, corporate governance specialist, opened the event by introducing Roudebush. “Since starting keepwith, Megan built her company all the while maintaining a very large day job as chief compliance officer in an investment firm,” Doi said. “Because keepwith is gaining so much traction, Megan has now transitioned away from her day job and is a full-time entrepreneur running keepwith.”

**FOUR KEYS**

During the workshop, Roudebush discussed four key components that can drive any networking strategy:

- The quality of your relationships matters more than the quantity of your connections
- Learn a fun fact about everyone you meet
- Build and execute a networking plan
- Acknowledging the nuance and cultural sensitivity, talk to strangers. You never know who you will meet or what will happen

Roudebush also warned of pitfalls:

- Not making time to network
- Failing to follow-up after networking
- Going on endless first coffee dates

**MAKE TIME**

And that brings us to one of the biggest challenges: finding the time. Given that time is a valuable—and limited—commodity, Roudebush recommends creating a strategic networking plan and scheduling time each week for deliberate networking activities.

Returning to networking pitfalls, Roudebush explained time management this way: “The biggest mistake you can make is being too busy to network. If your network is your most important asset, and you are too busy to spend time on your most important asset, that is a big mistake. That is why spending 30 minutes to an hour every week on deliberate relationship building activities is critical. One of my favorite strategies to recommend to people is: the first time they sit down at their desks for deliberate networking time, they can make a list of ways that they can be helpful to other people.”

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Doi and Roudebush (center) with ACCJ Women in Business Committee Vice-Chairs Makiko Tachimori (left) and Tomoka Miho (right)
Dr. Greg Story, president of Dale Carnegie Training Japan, presented How To Master Networking To Get New Clients And Build Your Revenues at Tokyo American Club on June 7.

Sarah Casanova (second from right), CEO and president of McDonald’s Holding Company (Japan) Ltd., inspired a fully booked room with stories of her 28-year global career with the company, spanning seven countries, during a fireside chat at the Hilton Osaka on July 12.

This year’s Charity Fun Golf: Drive for Chubu Kids was held at Grace Hills Country Club in Mie Prefecture on May 10.

From left: WisdomTree Senior Advisor Jesper Koll, Bibliosexual Chief Storyteller Dave McCaughan, Tokyo International School founder Patrick Newell, and IPSOS Healthcare Japan President William Hall teamed up for Back by Popular Demand: Now You Know Your... P-Q-R’s, at Tokyo American Club on May 27.

Ayumi Maeda, president of Waraku Japan LLC (center right) delivered the presentation Cross-Cultural Communication at the fourth session of the 2019 ACCJ-Chubu Young Professionals Mentorship Series at the Hilton Nagoya on May 7.


US Ambassador to Japan William F. Hagerty IV and US Consul General Karen Kelley (left) met with ACCJ-Kansai members on June 18 to discuss the business climate in the region and future for potential growth.
UPCOMING EVENTS
Please visit www.accj.or.jp for a complete list of upcoming ACCJ events or check our weekly e-newsletter, The ACCJ Insider.

• JULY 3
  [ACCJ Kansai] Level 5 Leadership

• JULY 5
  The Future of Personalized Healthcare: Simulating Individual Human Physiology

• JULY 5
  The Future of Personalized Healthcare: Simulating Individual Human Physiology

• JULY 9
  Cybersecurity Basics: Identifying Threats and Protecting Your Assets (Chubu Event)

• JULY 17
  Out of This World Networking: Celebrating the 1969 Moon Landing at Bauhaus with The Moonshots

• JULY 24
  The CIO’s Challenge: Effective Security in the Age of Digital and Cloud Transformation

• JULY 25
  Where Are Cryptocurrencies and Crypto Assets Going in Japan?

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ANA InterContinental Hotel
1-12-33 Akasaka, Minato-ku
Tokyo (September 4-6)

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In recent years, Japan has bounded forward, proving itself as an economic powerhouse and global leader. The case for Japan as a best-in-class model for free-market capitalism is getting stronger. With rising productivity, growing global competitiveness, and cutting-edge innovation, the country is providing social stability and equal wealth.

On May 17 at Tokyo American Club, Jesper Koll, senior adviser at WisdomTree Investments Inc., delivered a presentation entitled The Power of Nipponomics: Capitalism That Works. At the luncheon, hosted by the American Chamber of Commerce in Japan Foreign Direct Investment Committee, Koll spoke about general wealth, low rates of debt, the utilization of youth, and how the government and large companies can implement policies to ensure Japan's growth.

**WEALTH**

Speaking about the economic bubble that burst in the early-to-mid 1990s, Koll praised the strategy Japan used to deal with it. “Japan is the only country that did not waste its financial crisis. When Japan had the big financial crisis in 1995 and 1996, the elite radically restructured it. The government ministries were cut from 22 to 13. There were a lot of growing pains with the establishment of the new Financial Services Agency, but now you actually have a streamlined government.”

This seems to have benefitted the Japanese public’s general wealth. “Despite the collapse in real estate, despite the collapse in equities, you actually see that the average Japanese person is very well off. They have net financial assets of about $100,000. When you look at the distribution, yes there are poor people in Japan—about nine percent have less than $10,000 to their name—but it’s still a pretty good outcome given the adjustment Japan has gone through.”

Koll also shared that 48 percent of all Japanese people over the age of 25 have no debt—no credit card, consumer installment, or mortgage debt. “The interesting thing is engagement of human capital is actually growing very, very nicely. You see this in the fact that, yes, we do have the end of wage deflation. Finally, after having declined for about 20 years, you’re finally seeing that wage growth is actually accelerating.”

He expanded on this by highlighting the details behind this growth, crediting company policy changes. “It may not necessarily be just wage increases, but it’s the quality of contracts that is actually starting to improve.”

**YOUTH**

It is no secret that the population of Japan is shrinking. Society is aging and fewer people are having babies. However, Koll sees some positive effects this is having on Japan’s economy. “Over the past two years, every day, the population shrinks by about 1,200 people. At the same time, the number of people who are employees working for companies—rather than being self-employed—goes up by 3,000 every day.” He credits this rise to the utilization of young people. “This is an investment in the future. As you see, the income distribution in Japan is also very good. I want to be reborn as a 23-year-old Japanese,” Koll said enthusiastically.

**D&I**

Koll also spoke about how the diversity and inclusion (D&I) movement has had huge positive impacts when it comes to Japan’s economy and social welfare. “Womenomics, female empowerment, and getting more women into the workforce has actually been very positive in closing the gap between the rich and the poor people.”

Attitudes changing within companies are also encouraging marriage and children—a plus in a country with a rapidly aging society. “Finally, companies are trading full-time jobs with better pay, with job civility, with access to credit. As a result of that, you actually find marriage rates going up and you do start seeing that the fertility rate—slowly but surely—is actually starting to increase.”

Womenomics, female empowerment, and getting more women into the workforce has actually been very positive in closing the gap between the rich and the poor people.
his year, Japanese listed companies have received a record 54 shareholder proposals at their annual general meetings (AGMs). These proposals reflect investor frustration with the slow pace of change at listed companies since the introduction of a corporate governance code in 2014.

On June 4, the American Chamber of Commerce in Japan (ACCJ) Alternative Investment Committee held its inaugural Shareholder Forum to explore the rise of actively engaged shareholders and their proposals. More than 100 members of the investment community and mainstream media met at the Tokyo Stock Exchange to listen to speakers from the Japanese government, corporate Japan, and investors.

Toshitake Inoue, director of the Corporate Accounting and Disclosure Division of Japan’s Financial Services Agency (FSA), explained the background to the updated Corporate Governance Code and the Stewardship Code, Japan’s guidance on investor responsibilities. These are part of the FSAs efforts to improve corporate management, support investor engagement, and encourage constructive dialogue between companies and their investors. The aim of these codes is to enhance corporate disclosure and support long-term growth in corporate value.

Sojitz Corporation President and Chief Executive Officer Masayoshi Fujimoto described some of the issues facing Japanese companies and their relationships with shareholders. One of the key issues they face, as they strive to improve their governance by adding independent directors, is that the definition of “independent” is too strict and excludes some excellent candidates with business experience.

REIWA ARRIVES
On May 1, Japan entered a new era. The old era of Heisei—sometimes referred to as “the lost decades”—is over, observed Takashi Hiroki from Monex. Despite the increase in stock prices in Japan over the past decade, the implementation of the Stewardship Code, and the gradual improvement of corporate governance, Japanese equities remain cheap and valuations low. Why? Here are four reasons:

- Japanese companies are hoarding cash
- There is little enthusiasm for corporate value creation
- Companies appear to have little regard for the cost of capital
- The process for selection of CEOs lacks transparency

Japanese companies lack “real governance,” Hiroki explained at the forum. CEOs lack experience, and companies are protected by cross shareholdings.

Shareholders can bring constructive change through engagement with management and by voting at the AGMs. Like actively engaged fund managers, Japanese retail investors should be more assertive, deliver their opinions to management.

OBSTACLES
Nicholas Smith (pictured above), a strategist at CLSA Securities Japan Co., Ltd., described the challenges shareholders have with corporate management, noting there is no tracking of proposals being brought to companies. All investors need to pay close attention to each company in which they invest and ensure that they are able to communicate on governance and management issues.

Smith showed that, even though 53 percent of Japanese stocks trade below book value, there are signs of improvement. Dividend yields have risen to levels similar to those in the United States, operating profits have risen, and stock buybacks are taking place—often as a result of investor pressure. However, important issues remain, such as cash hoarding and the large number of Japanese companies that own public equities valued higher than their own market capitalization.

Finally, three actively engaged investors described their activities this year. Hong Kong-based Oasis Management Company Ltd. outlined their proposals to Hazama Ando Corporation, one of Japan’s largest construction companies, that directors should be accountable for safety after a series of accidents where workers died.

Japanese investor Strategic Capital, Inc. explained their approach to companies—from private discussions to public proposals—and outlined the successes that have resulted from their 2019 proposals. Fir Tree Partners, speaking by video from New York, discussed proposals for JR Kyushu for a stock buyback program, increased use of leverage, and more independent directors.

LOOKING AHEAD
The Japanese government is pushing for long-term growth in corporate value as a virtuous circle for the good of Japanese society. At the same time, there is still a long way to go.

Chris Wells, vice-chair of the Alternative Investment Committee, summarized the goals of the forum as the ACCJ’s attempt to address the lack of information about the existence of shareholder initiatives among listed companies. By directing a spotlight at the substance of these proposals and the changes shareholders are trying to bring about, the ACCJ wants to remove the excuse of lack of information about shareholder actions. Shareholders can make a difference.

Deborah Hayden is vice-chair of the ACCJ Alternative Investment Committee and regional director, capital markets and M&A APAC, at Edelman Japan.
For the past two years, leaders of the American Chamber of Commerce in Japan (ACCJ) Young Professionals Forum (YPF) in Chubu have been working to provide more events for the chapter’s younger members. The initiative that has seen the most success is our YPF Mentorship Series.

GOALS
Inspired by the Kansai Leadership Series, the YPF Mentorship Series was originally started to provide an intimate event for our younger chapter members. A secondary goal was to engage ACCJ Corporate Sustaining Members (CSMs) that have offices in Nagoya but have no active members in the Chubu chapter. We hoped the series would engage these members and get them more involved in the chapter.

FORMAT
The five-part series comprises four lunches and one session designed specifically for networking. At each lunch, a different executive talks about their experiences in a small roundtable discussion of no more than 10 attendees. To identify candidates to participate in these closed events, YPF leaders within the Business Programs Committee reach out to CSMs to see if they are interested in nominating a talented staff member who is on the management track.

In each of the first two years of the Young Professionals Forum Mentorship Series, one seat has been reserved for someone who is known to be considering joining the ACCJ but has not actually applied. In this regard, the event is used as a recruiting tool for young new members.

FOCUS
Each luncheon centers on a topic picked by the speaker, who talks for about 30 minutes and answers questions for 15 minutes. Attendees communicate with the speaker while all are eating, and they are also encouraged to ask questions during the open talk. This has increased engagement from attendees compared with other formats. The questions asked so far have mostly been about how to progress in a career and avoid pitfalls along the way.

For the final networking event, we invite all speakers and ACCJ Chubu leaders to attend. Many attendees become members by the end of the series, and meeting the leadership provides another opportunity for them to engage with the chapter, which can get them interested in joining a committee.

RESULTS
After the first series, we had four attendees join the ACCJ. One of these not only became a YPF leader on the Business Programs Committee, but ended up running the 2019 lineup. This year’s series has yielded one new member as of mid-June and is expected to bring in two more.

In last year’s satisfaction survey, 86 percent of attendees rated the event good or better. They also reported loving the chance to interact with successful executives and get hints on how to better their careers. As one attendee wrote, “The speakers really spent time getting to know us and tailoring their stories and experience to our interests.” This year’s report was not available when we went to press.

If you are interested in sending someone to attend the next Chubu YPF Mentorship series, or would like to volunteer to be a speaker, please reach out to the Chubu Young Professionals Forum through the Chubu Business Programs Committee at chubu@accj.or.jp.
DRINK TO THAT

Small foreign brands find space on local shelves

By Megan Casson

Anybody who has lived in Japan for a while will be familiar with the fleeting nature of food and drink trends. Take bubble tea, for example. New pop-up shops appear every week, and people line up for a city block to try a new flavor. But soon the tea may be gone. It’s a reflection of the reason Japan’s food and beverage market is a tricky one to settle into—especially for foreign brands. Competing for shelf space in convenience stores, supermarkets, restaurants, and bars is tough, presenting one of many obstacles foreign companies must overcome.

The ACCJ Journal spoke with companies that import beverages to Japan to find out how they view the current market and what they are doing to sustain success and gain a stronger foothold.

TROPICANA

Natural Beverages Japan makes pure-juice, not-from-concentrate (NFC) products and imports them to Japan. Coming in a variety of flavors, the juices originate in Brazil, where the company is known as Natural One. Paul Guilfoile, president of Natural Beverages, shared with The ACCJ Journal what he has learned about breaking into the market. Having previously worked for Kirin Tropicana Inc., one of the best-known juice brands in the world, Guilfoile has firsthand experience of entering the Japanese market.

While Japan has a reputation for being closed off, things have changed noticeably over the past 10 years. Guilfoile’s work with Tropicana played a huge part in bringing that brand to the local market. Comparing the challenge today, he said: “Ten years ago, we had a lot of similar products from concentrate brands like Dole and Sunkist and Minute Maid. And then you have your midrange Japanese brands, and your private label brands. Today, the only big player that remains is Tropicana, and there are a few of the regular Japanese brands, like Meiraku and Sujahita.”

PERFECT PACKAGE

Indicating that the competition in Japan has now leveled off, Guilfoile mentioned the challenges that he faced 10 years ago when working with Tropicana.

“Most of the juices in Japan have always been made by dairy companies. You know, the milk-carton approach with a very short shelf life,” he said.

“When I came here and started Tropicana, we had a 12- or 14-day shelf-life for the juice, so we struggled.”

Consumers were used to a maximum shelf life of seven days, as with dairy products. “It took years for the Japanese trade to understand that it’s okay to have a longer shelf life for juice,” Guilfoile said.

His extensive background in advertising helped Guilfoile craft an effective plan. “Understanding the packaging lineup you need to have, the flavor line up you need to have, and the price points you need to have is important.”
JAPAN MARKET

When addressing the current state of juice in Japan, Guilfoile mentioned the quirks that are specific to the country. “One thing that hasn’t changed is the low percentage of NFC juices in the Japanese market. Asia is predominantly a from-concentrate market. They remove the water, ship it overseas, then people buy it in bulk over here and put the water back in to sell it.”

Natural Beverages are looking to enter the high-quality, pure-juice market, which Guilfoile believes is in demand. “In Japan it’s high-value, high-quality items. It is probably the right time as the population is actually going down and you have a lot of older folks looking for good, high-quality products.”

Paul Flint, co-founder and representative director of Premium Beverages, a Japan-based company that imports spirits from the United States, explained that the alcohol sector here is not as tightly regulated as it is in the United States. Describing the local approach, he said: “Japan has a three-tiered system of distribution—national, regional, and local—but that is simply an organic system developed for volume sales. It is not mandated by law. Thus, a small company can sell directly to retailers and build volume, at which point they can approach local distributors to handle the logistics for a 13-percent margin on a slightly bigger volume, and so on up the distribution chain.”

Another market expert is Mark Spencer, a Japan-based importer who has been introducing British beers and ciders to the local market since 2000. Initially, Spencer was importing for Hobgoblin pubs, but has since expanded to other customers throughout Japan. He spoke to us about how the market has evolved over the years.

“When I started importing draught beers, most bars only sold one or two different draughts, and the guest beer system was almost non-existent. Also, the Japanese makers would supply fridges and other incentives to lock out other beer suppliers. Nowadays, most bars—with the exception of those in restaurants—will have several taps, and the selection changes regularly. In fact, the large Japanese breweries have now launched their own small-batch beers to compete in the market.”

With his previous distribution experience and market knowledge, Spencer told us about a new project on which he is embarking. “I have now decided to get into the booming Japanese gin market. We will be launching two locally made gins and a spiced rum with my new venture, The Tokyo Distillery Company.” Re-entering the market with all new products, the company plans to start releasing the spirits this summer.

NOT JUST JUICE

Drinking culture in Japan is huge, as is the import of non-Japanese alcohol. Drinking establishments—as well as supermarkets and convenience stores—are all becoming more familiar with offerings from different countries. And that includes the United States. Premium Beverages currently handles two US whiskies: one from Kansas and one from New Mexico. They also import rum from Georgia, bourbon from Texas, and a smoky maple syrup (non-alcoholic, of course) from Vermont.

“We bring in new products and test-market them. The challenge for us as an importer with new products was lack of a market,” Flint said. “Without an existing market, you need to build one, which requires time and money. This does not guarantee success but, for a small business, it is necessary to generate cash flow to keep the company afloat while you do the market-building actions.”
The Great Rebrand
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Flint explained how he sees the market in Japan for alcoholic beverages. "I don't know what the macro numbers are—and I'm not sure that macro numbers are meaningful for smaller players—but every product category is a niche market. And, for smaller companies, there are so many potential outlets. There is a good chance that you can get to solvency with a little effort. Once you have solvency, you have longevity, which is really the key to market building. The longer you are in the market, the more opportunities will present themselves."

CONVENIENT COMPETITION

With fleeting consumer trends and difficulty in succeeding, it is hard for foreign brands to break into the market—especially to secure shelf space in the competitive world of convenience stores, or konbinis as they are called in Japanese. Family Mart, 7-Eleven, Lawson, and Natural Lawson are huge distribution points for the food and beverage industry in Japan.

"Traditionally, they used to take in new products only twice a year, at the beginning of their fiscal year, which is in April, and then again in September. Now, that has shifted to four key times. But, if an item is interesting enough, they will bring it in to their store early," explained Guilfoile. "If you have four or five flavors in your lineup, you shouldn't expect to get all flavors in at once. The reason for that is, if it doesn't sell well, they'll cut the product and you can lose the listing or the place on a shelf. So, you always have to have the next flavor ready.

"What we used to do is share our innovation pipeline with our convenience store buyers, so they understood that we were serious and ready to innovate to stay in their store for the long run."

Guilfoile also said the opportunities to promote and advertise in convenience store chains are slim compared with those in the United States.

SUPERMARKETS

Keeping your brand and products current and attractive to consumers is important for any type of business. This is particularly true in supermarkets, where the competition sits on the shelf next to you.

"Once you get in, you can pretty much stay in for at least a year. But you are expected to come up with new flavors every now and then, or do something innovative with your packaging," said Guilfoile, stressing the importance of branding.

However, Flint said that smaller operators gladly welcome new products, with their flagship product, Kansas Clean Distilled Whiskey, gaining a lot of traction.

As for companies that are looking to expand into Japan, Guilfoile advised, "Get a good partner, study the market, and understand that everything is different from the United States."

While Japan has a reputation for being closed off, things have changed noticeably over the past 10 years.
That Japan’s workforce is shrinking is well documented. In fact, it’s one of the most frequently discussed topics related to business and government policy these days. But fewer workers does not necessarily mean that job openings are plentiful, or that all companies are clamoring to fill seats. Economic factors mean that many companies need to streamline their operations. This is especially true of smaller foreign-owned businesses looking to find their footing in Japan.

But when it comes to cutting staff, those accustomed to doing business in the United States must tread carefully. What is acceptable practice back home may not go over well here, and the backlash can have disastrous consequences for the company. How can this employment minefield be crossed safely? The ACCJ Journal talked to experts in team building as well as corporate and government affairs to find out.

SYSTEMS APART
“The big difference here in Japan, as opposed to the United States, is the philosophy of lifelong employment,” said Timothy Langley, president and representative director at public affairs and management consultancy Langley Esquire. “This is a vestige of the recent past—and actually no longer exists in law—but the philosophy is deeply felt by employees. In other words, when an individual finishes college and joins a company, they do it with the intention of this being a one-time deal: joining a great company and remaining there for life.”

Langley says part of this foundation is based on the logistics of finding a job in Japan—especially the shukatsu system, which does not exist in the United States. Shukatsu is when soon-to-be graduates go through a year-long process of visiting companies, dressed in business attire and carrying a briefcase containing nothing but their résumé, to fish for the best job. “This is a big deal. It’s in the newspapers, it’s on people’s calendars, parents are looking forward to it,” he said. “And when you make that important decision, you have the intention to be there for the rest of your life.”

LETTING GO
“Here’s your bin liner, Sunshine. Now security will escort you from the building. Out you go.” While this scenario plays out regularly in the United States, it would be judged very harshly and felt unfair in Japan. Losing face is bad anywhere, but particularly so here, said Dr. Greg Story, president of Dale Carnegie Training Japan. “Poor performance, making mistakes, missing deadlines, producing lousy quality work, and not being accountable are not cause for being fired in Japan—unless you are on a very big salary,” he added. “The law is designed to protect the little guy against the corporation.”

This is where the seishain, or permanent employee classification, comes into play. It’s a kind of guarantee that your situation in the company will not drastically change unless you seriously screw up or are fired for cause. “You are not employed under the terms and conditions that specifically define your job,” explained Langley. “As a permanent employee, you do whatever they tell you to do, or what you’re trained to do.” Compare this with a contractor, who is hired for specialized skills and may work from year to year without guarantee of long-term employment.

“In most jurisdictions in the United States, there is an ability for companies to cut staff at the drop of a hat. These are at-will
jurisdictions,” Langley continued. “‘At will’ means that you work for the company at their discretion and they can let you go for no reason with 30 days’ notice. This is usually delivered in the form of a ‘pink slip’ when you go into work on a Friday. This is not only viewed poorly from the Japanese perspective, but it is an illegal tactic here. Even with cause, pink-slipping is not the way to achieve that objective.”

The biggest obstacle, as he sees it, is the seishain system. “If you have seishain and you need to reduce headcount, you must have cause or go through a voluntary resignation process. In this process, you need to universally offer employees a get-out quick package, hoping that only the number you need to cut will take the offer. The problem is that it’s most often the good people who take that offer and leave you to find another job—and, once again, you are strapped with the worst performers.”

WRONG RESULT
Taking a common US approach to reducing headcount can quickly undermine your efforts in Japan. While a Friday-morning pink slip might be accepted as just part of life in the United States, it won’t go over well here.

“When people are cut, after having gone through the process of shukatsu, it is really a social shock!” said Langley. “People get damaged by that psychologically; their career and résumé are diminished and, as a consequence, a lot of people say, ‘This is not the gig we signed up for.’”

It can also kill the morale of the remaining staff.

“As soon as you start firing people, the trust is gone, and all the rhetoric in the world won’t put Humpty Dumpty back together again,” said Story. “People are pragmatic. In wartime, you feel lucky when the guy next to you takes a bullet and you don’t get killed. Getting fired is a bit like that—you missed the bullet this time but you are still terrified of getting the next bullet.”

“Disengaged people do not produce innovations, go the extra mile, or care too much about making things better for the customer. The outside competition is forgotten and the competition for survival internally is all they focus on. The reputation of the company suffers, and likely candidates give you a wide berth. The better people who can easily find jobs, jump ship, and arm your competitors with talent. All you are left with are the average, the mediocre, and the truly terrible.”

Morio Sotsu, public policy consultant in the Public Affairs Division of Vector, Inc., explained the situation in terms of Japanese culture.

“We must take into account a particular situation of Japan. Everything related to employment—whether it is a de jure [by law] or de facto [in fact] rule, including a part of social security or higher education system—is connected and builds up an entire ecosystem of Japanica-type employment. So, [by law] whatever actions you plan to take must be analyzed carefully to determine chain reactions and long-term effects,” he said.

“When a huge and interconnected system is transformed, the changes must be gradual and piece by piece. But still unwanted cracks will appear.”

But, it can also be an opportunity if handled properly.

“If your service or product is a solution for those cracks, a big business opportunity is within your reach, as long as you follow rigorously related political discussions and utilize them as a tailwind,” Sotsu said.

THE RIGHT WAY
When the time comes to reduce headcount, it is important to heed Sotsu’s call to take the local situation into account. But as Story points out, that can be difficult when orders are coming from overseas.

“Being driven hard by headquarters to cut numbers is a recipe for disaster in Japan. This is a different culture, and getting those wearing green eye shades back at HQ to stop sharpening their pencils and taking the short-term view borders on the impossible,” he said.

“But if things are going badly, then everyone knows that. You can appeal to their nobler callings and ask them to quit for the common good. If it is done in that way, and if the money is reasonable, they will take a package and go. In today’s environment, there are plenty of jobs to be found, so they aren’t going to land in Siberia.”

“We are on the verge of entering a new age of job mobility which will be led by the much-in-demand youth, who will shortly discover they can be free agents—like in sports—and command a premium to join and stay with a company.”

Reducing headcount is a must at different points in a business’s life. Just remember Sotsu’s advice: “Japanica-type employment comprises a variety of rules, which may be de jure, de facto, or mere perception. They may also be of a different scale—national, industrial, or individual—for each company. If you are planning to start new business related to this strange world and are looking for support from policymakers, it’s better to seek an expert’s advice.”
China’s Belt and Road Initiative is a very ambitious plan, and the reach of the infrastructure and investment projects it entails is truly sweeping. Through the initiative, Beijing is making its influence felt around the world, positioning itself for a greater global leadership role in this century and beyond. Central and Eastern Europe (CEE) is one of the areas where this is playing out, and China has funneled about $9.4 billion in deals to 16 countries in CEE.

**CENTRAL IMPORTANCE**

However, China is not the only wealthy nation wielding influence in the CEE. Through the Japan–EU Economic Partnership Agreement (EPA), which went into effect in February, trade barriers between the European Union (EU) and Japan have been removed, making it even easier for goods and services to flow among the nations involved. Japanese companies are also investing significant amounts of capital in the region. Japan’s close ties with the United States also mean that the two countries can cooperate on CEE efforts.

Whether a company is planning to open a new European office, enter new markets, or make an acquisition, the CEE is an appealing option for a few reasons:

- Proximity to wealthy EU nations
- A skilled, educated workforce
- Comparatively lower costs of doing business

The top three foreign investors in the CEE are the United States, being the largest; Germany, and Japan. Some 1,000 Japanese companies have recognized these opportunities in the CEE, and they employ more than 50,000 employees in the region. The most popular location for investment is Poland, followed by Hungary, the Czech Republic, and Romania. Japanese companies in the region are most prominently active in manufacturing, automotive, and automotive supplier networks, which are responsible for providing the various components—such as axles, batteries, or electronics systems—that go into automobiles. They are also involved in business process outsourcing (BPO), shared service centers (SSC), and business services. US companies are involved in the same sectors as their Japanese counterparts but have a stronger focus in BPO and SSC.

**LAUNCH DAY**

The inaugural Japan–CEE Investment Summit & Awards were held on April 25 at the Palace Hotel Tokyo in Marunouchi to recognize Japan’s business efforts in the region. The event was organized by Thom Barnhardt, founder of CEE Business Media. An American, Barnhardt has been organizing events based around investment in Central Europe for the past several years. One of them is the USA–Europe Business Services Summit & Awards, which is now in its third year and focuses only on the SSC and BPO sectors. US companies account for 51 percent of the total employment in the CEE within these sectors.

The daytime summit was attended by Japanese executives in charge of investment in the CEE, executives from CEE businesses, and ambassadors from CEE nations. The summit included briefings on politics and economics within the region, discussions of opportunities that have been presented through the Japan–EU EPA, case studies about acquisitions of CEE-based firms by Japanese investors, talks on economic incentives in CEE countries and new regulations, as well as analyses of opportunities in areas such as IT, gaming, and software development.

**ACCOLADES**

The event shifted into a more celebratory tone during the evening, starting off with a networking reception. Euro Asia Trading supplied wines from Romania for this portion of the evening. Yasuhide Nakayama, the former state minister of foreign affairs and member of the House of Representatives, delivered a short speech during the reception. He exhorted Japanese investors to extend their investments to the CEE region. Taking Croatia as an example, he highlighted the reason that many investors are...
US companies account for 51 percent of the total employment in the CEE within [the SSC and BPO] sectors.

drawn to the CEE: technological innovation. He also celebrated the venerable relationship between Japan and the region: "We are very geopolitically far away, but we have a long history [together] and we are proud of that history."

Following Nakayama’s remarks and a toast, guests moved to the ballroom for a dinner that was served alongside more Romanian wines and sparkling sake from Hakkaisan. The awards ceremony, which was emceed by Barnhardt and Mina Takahashi of GR Japan, got underway during the dinner.

Forty-nine Japanese companies, which collectively accounted for more than $15 billion in direct foreign investment, were shortlisted for awards in nine categories. A 19-member panel of VIPs chose the winners of the 24 awards on the evening.

Following the presentation of the awards, attendees continued to enjoy their beverages and good conversation. Barnhardt said he couldn’t have been happier about the turnout and the support for both portions of the event. “We were very pleased with year one! More than 120 top executives attended, which was a bit more than we expected. We were particularly honored to have the support of [the Japan External Trade Organization], and commercial counselors from across the CEE. We were also glad to see the enthusiasm from Japanese investors already present in the CEE. They deserve these awards for their substantial investments in the region!”

As Barnhardt told The ACCJ Journal, the event highlighted important links among the United States, Japan, and the CEE: “Many of the top US companies that have invested in Japan have also invested heavily in the CEE. Our investment awards also include trade flows between Japan and the CEE, so I think many US investors in Japan might also see more opportunities to expand in the region. In addition, the CEE region has top tech talent, and this event can help introduce digital companies in the CEE that can add substantial value to Japanese companies.”

TOP CEE INVESTORS IN JAPAN
Comarch SA
ESET, spol. s r.o.
RTB House

TOP AUTOMOTIVE INVESTORS IN THE CEE
Magyar Suzuki Corporation
Toyota Motor Manufacturing Poland Sp. z o.o.

TOP AUTOMOTIVE SUPPLIER INVESTORS
Mabuchi Motor Co. Ltd.
NSG (Pilkington Automotive Poland Sp. z o.o.)
Sohbi Craft Poland

TOP FINANCIAL SERVICES INVESTORS
Mizuho Bank, Ltd.
ORIX Corporation

TOP MANUFACTURING INVESTORS
Bridgestone Sp. z o.o.
Nidec Corporation
TDK Electronics Hungary Ltd. (EPCOS)

TOP BUSINESS SERVICES INVESTORS
FUJIFILM Europe Business Service Sp. z o.o.
Fujitsu Global Delivery Center Poland
Takeda SCE Sp. z o.o.

TOP M&A DEALS IN THE CEE
Asahi buys five Eastern European beer brands for €7.3 billion
Daikin completes AHT acquisition
Kansai Paint acquisition of Helios Coatings Group (Slovenia)

TOP INFRASTRUCTURE INVESTORS
ITOCHU Corporation (Serbia)
Marubeni Corporation

TOP CSR INITIATIVES IN THE CEE
Bridgestone Sp. z o.o.
Fujitsu Technology Solutions Sp. z o.o.
Sumi Agro Poland Sp. z o.o. (Bees Protection)
The Japan Market Expansion Competition (JMEC) marked 25 years of training the next generation of young executives and entrepreneurs on June 5 at Tokyo American Club. Twelve teams offered their expertise to foreign organizations entering or expanding in Japan.

Entrants from 14 countries took part in this year’s competition, vying for the top honors in a competition that is widely recognized as delivering a thorough grounding in the world of business in Japan.

**GROWING SUCCESS**
Launched by the Australian and New Zealand Chamber of Commerce in Japan in 1993, JMEC is a unique training program in which participants attend a series of lectures and then work in teams to draw up a business plan for a real product or service being introduced to the Japanese market. It has grown to be so successful that the organization now encompasses 18 foreign chambers of commerce in Japan and utilizes the know-how of mentors and consultants from across the business spectrum.

“All the team members gave up friends, family, and sleep, but I hope they all recognize that the learning and camaraderie were worth the sacrifice,” said Tom Whitson, chairman of JMEC and a former president of the American Chamber of Commerce in Japan (ACCJ).

“I am sure that they were all extremely competent before they started, but they now have new skills and a far better understanding of business and group dynamics,” he said, adding that the commitment to the cause demonstrated by some went as far as one male participant shaving his legs and wearing a French maid’s dress for the presentation part of the judging.

**HONOR EXCELLENCE**
“It is a wonderful thing to get people into the real world and enable them to learn new skills that they can take back to their companies and then change those companies with the things they have learned,” said Deborah Hayden, one of the judges. “I know it has been a hard journey, and that you have had plenty of nights with no sleep, but we, the judges, were very impressed.”

Before announcing the main prizes, Hayden gave an award for best market research to Team One, which had been tasked with drawing up a business plan for J Juan Brake Systems. Another special honor—the Tell It Like It Is Award, went to Team Four for their work with The Salvation Army.

The award for best presentation went to Team 10, who were charged with assisting DataWise with their efforts to access the Japanese market. And another accolade created by Hayden—the Technical Demystification Award—went to Team Eight, led by Tatsunori Kuniyoshi (right), for making BBT’s “jolly complicated” tech comprehensible to the judges.
TOP THREE
The evening’s main awards were:

- The winner of the 2019 competition was Team 12, which dubbed themselves Orca and drew up a business plan for heating control company Plugwise B.V. from the Netherlands. The team was made up of Mary Joy Tolentino, Keiko Muratani, Hiroyuki Kosuge, and Masaomi Tsunoda. Justin Dart, a former JMEC participant and now senior strategist for Wunderman International, acted as mentor to the winning team, while Akira Havermans, senior lead strategic planner at Aegon Sony Life Insurance Company, was their consultant.

- Second-place went to Team Six, which aided jeweler Palmetto Inoue Co., Ltd., and consisted of Henriikka Saarela, Kyoko Kanuma, Sawako Kuboyama, and Hidemitsu Asai. Andrew Newman, manager of Capgemini, served as the team mentor and actuary Verna Holder acted as consultant.

- Third place went to Team Three, which assisted Pearson Education Systems and was made up of Marisa Cassidy, Charlie Subramoney, Maria W. Domingo, and Yoichiro Ishikawa. Jay Johannesen of Portfolio Research KK acted as mentor, while Gareth Allen, an analyst with Bloomberg, was the team consultant.

Originally from Wisconsin, but a resident of Japan for the past 19 years, Dart said he was “delighted” that his team won the first prize, which included a round-trip to any Finnair destination in Europe, a one-year ACCJ membership, and a ticket to an upcoming ACCJ event.

“The team was motivated, and I only had to make sure that motivation did not waver—which it never did,” Dart told The ACCJ Journal. “Their strengths were the ability to break down the statement of work, understand what was needed, grasp the product, look into the market quickly, and produce a strategy early to build upon.” That strategy was set in the first weeks and just refined over time,” he said.

“Each member of the team had different skill sets and perspectives that really helped them to mold ideas, work together, and not have any major fights. They were harmonious, organized, focused, and just driven to not fail.”

DRAWING ON EXPERIENCE
Dart took part in JMEC22 in 2015. He said the skills that he picked up had served him well in his career in the intervening years.

“I learned how to build strategies, consider financial implications, and coordinate with people with different backgrounds and skill sets to discover the best way to move forward as a team,” he said. “After JMEC, I gained confidence at the job I was in at the time and could apply the experience for global business planning and product development. Eventually, I shifted to marketing and strategy full time and haven’t looked back,” he said.

“In essence, I do JMEC every day now.”

And thinking ahead to next year’s JMEC, Dart says he is torn about serving as a mentor for a third straight year because of the time commitment, particularly as the contest enters the closing stages and teams work through the Golden Week holidays.

“But at the same time, the thrill of mentoring is like a drug,” he confides. “If you win, you want more. And if the project is challenging, the client is very supporting, and the team is organized and focused—then it can be very fun. And the benefits of those nine months of JMEC are a lifetime of friendships, networks, and skills.”

JMEC WINNERS
FIRST
Team 12—Project Client: Plugwise
Mary Joy Tolentino, Keiko Muratani, Hiroyuki Kosuge, Masaomi Tsunoda
(Mentor: Justin Dart; Consultant: Akira Havermans)

SECOND
Team 6—Project Client: Palmetto Inoue
Henriikka Saarela, Kyoko Kanuma, Sawako Kuboyama, Hidemitsu Asai
(Mentor: Andrew Neuman; Consultant: Verna Holder)

THIRD
Team 3—Project Client: Pearson
Marisa Cassidy, Charlie Subramoney, Maria W. Domingo, Yoichiro Ishikawa
(Mentor: Jay Johannesen; Consultant: Gareth Allen)
Rie Kawano is very open about why Cognitee Inc., the company she founded in 2013 and where she is chief executive officer, struggled in the early days.

Cognitee develops software powered by artificial intelligence (AI) to analyze the logical structure of communications, from text messages to emails to voice recordings. Negotiations, pitches, articles, and reports can also be examined.

Using the company’s metacognition software, which examines the content and form of ideas, clients can optimize workflow, employee training, and decision-making.

“We alleviate cognitive biases using technology, and thereby unleash creativity,” she told *The ACCJ Journal*.

Today, Cognitee’s corporate user base is expanding in Japan, while its network of data workers who help train the AI in Asia, North America, and Europe is growing.

However, that was not always the case. While Cognitee’s software initially gained traction abroad—in China and the United States, for instance—it struggled to make headway in Japan.

“Maybe I didn’t have very good marketing skills then, and we didn’t hear the consumer’s voice,” Kawano said. “So, I was very worried about how to sell our technology.”

But recent successes in seed funding and series-round funding, as well as domestic growth, tell a different story. The company, it seems, is hitting its stride. Cognitee’s software is being adopted by original equipment manufacturers as well as companies in telecommunications, finance, and human resources.

**DIGITAL DNA**

Rie Kawano thinks her way to success

By John Amari

**MACHINE LOGIC**

Cognitee has one main product and engine, and the technology is called CogStructure. By identifying biases in a presentation, meeting, or brainstorming session, UpSighter Sales generates actionable information, allowing users to optimize operations. The software can be used in training programs for sales teams and call-center workers, for example.

“We can detect a ‘high performer model’ and compare each employee’s presentation or communications against that. And we can do that paragraph by paragraph,” Kawano explained.

Via CogStructure, companies can visualize the structure of their communications, whether written or spoken. Because both technologies can be deployed in situations where transforming qualitative data into quantitative insight is in demand, the software has wide applicability.

UpSighter Sales and CogStructure use AI as well as human trainers, many of whom are stay-at-home moms, to optimize development.

The latter support the software’s development by annotating and classifying data, which is then fed into the core AI and deep learning technologies.

**EARLY STARTER**

Cognitee’s roots can be traced back to Kawano’s experiences early in her life, and the successes and biases she faced as a teenage entrepreneur.

Born in the countryside of the Japanese island of Shikoku, Kawano was 14 years old when she discovered the power of technology to transform lives. Enjoying a largely sedentary life,
the last thing on her mind was being active, let alone enjoying sports. And yet, there was an inexplicable drive to excel. When one day she walked into her local bookshop and found a book on sports science, she was struck by an idea. “I didn't like sports or to move. But I thought, ‘Wow. This is very good.’” Kawano was particularly attracted to the scientific aspect of sports science.

Inspired, yet noticing there was a dearth of information about the subject online, she wondered whether a platform could be created to solve that problem. It could.

A self-taught web developer, Kawano worked after school for three months to create a website through which to share information on sports science. Athletes, trainers, and doctors could also connect via the platform.

“‘The website was a matching portal site sharing information about sports science,’ said Kawano, who was 16 years old when she developed the site.

DOUBTERS AND BELIEVERS

Kawano’s website received a modicum of success—professionals in the sports industry were able to connect via the platform. Her own stock, especially for someone so young, fared even better. She was invited to speak at an academic conference on sports science, for instance.

She even consulted for a professional soccer team, helping to connect their players to trainers and doctors. And by the time she entered college, the platform was a registered company.

Is that to say she did all that without a struggle? Far from it. Kawano recalls times when she was dismissed because of her youth—or because she is a woman. In some cases, the fact that she hailed from the countryside was an issue.

But she also remembers being treated without bias and having supporters. It was in part due to her early success as an entrepreneur that she was accepted into Keio University, where she studied business management.

Kawano managed the platform throughout her college years. However, as a recent graduate, she felt that she needed more experience in the corporate world.

“When I was 22 years old, I realized that I was still an amateur when it comes to organizing a business,” she said.

CORE VALUES

Giving up the reigns of the platform, Kawano worked as an analyst in Sony Corporation’s camera business for seven years. At the electronics giant, she explored new software business opportunities globally.

But then the Great East Japan Earthquake and Tsunami struck in March 2011, and the subsequent nuclear disaster affected some of Sony’s manufacturing bases in the Tohoku region.

This seemed to coincide with a shrinking domestic and global camera business, leading Kawano to wonder about the future prospects of that industry. “The camera business was shrinking around the world, but I wanted to contribute to businesses that were growing.”

Not long after the triple disaster, Kawano joined the fast-growing social gaming developer DeNA Co., Ltd. As the company had plans to expand globally, she took the opportunity to enter their overseas business division.
In a metropolis like Tokyo, space is a valuable asset. At ASIJ we have the space to play, run, jump, score goals, wrestle and swim. We have the space to grow sweet potatoes, take nature walks, launch rockets, build robots and make our ideas come to life. We have the space to sing and dance, perform comedies and tragedies and make movies and build sets. We have the space to collaborate, share our work with classmates and colleagues, host conferences and welcome speakers. We have space to grow and learn.
But when the chance came to re-engage with her own entrepreneurial path, she did so, establishing Cognitee.

Looking back at her time in the corporate world, Kawano is sanguine: she learned a lot about herself, she says, and the values she wished to realize in her own company.

She says it is important that a business has social impact as a core value, and that a laser-like focus on revenue is not the only prerequisite for success.

CUSTOMER VOICE
Kawano was Cognitee's sole employee for the first three years. In that period, the company was without a single client. Was there a reason for the lack of traction?

As noted earlier, Kawano's lack of marketing skills at the time played a role, as did not paying close attention to the consumer's voice. But then she turned things around. How?

The company pivoted over and over, she said. Cognitee's first product was a premium-model, iPad-based app for brainstorming. Users could upload their ideas, and the platform would identify blind spots in their thinking.

Interestingly, more than 90 percent of users were non-Japanese, Kawano recalls. They hailed from China, the United Kingdom, and the United States. “Maybe it was because they want to use logical thinking and frameworks, which are suitable for Western companies or people.”

Despite most of her initial clients coming from outside Japan, Kawano struggled to find the right staff to market and grow her products abroad.

To help rectify this, she joined a three-month incubator program at Women’s Startup Lab (WSL), a Silicon Valley-based organization that empowers female founders.

After her experience at WSL, Kawano refocused on developing the Japanese market. But today, with non-Japanese members now joining, the company is once again looking to create global products and services for the HR market.

POWERED BY PASSION
Where does Kawano’s entrepreneurial zeal come from? Family may account for some of it—after all, her father is a business founder himself.

But Kawano looks further inside of herself to find a reason: “I think it’s because I’m a competitive person. Because I was bad at sports, perhaps this is my way of overcoming that.”

Kawano positively bursts with enthusiasm when speaking about her company, now in its seventh year. This leads one to ask: What keeps her motivated?

“Two things,” she says. “The first is that I believe a lot in technology, because I was helped a lot by it. So, I hope to make technologies that increase everyone’s success in the future.

“Secondly, I don’t feel the need to give up because, in business, it’s really easy to see what you do. If you have a plan laid out, regardless of the circumstances you’re in, you can follow through with the plan.”

And if the plan goes wrong?

“You can adjust it and reach the end. And when you get there, you can see the results. That’s why I don’t feel the need to give up. If you have your mind set on something, you can get there. And if there is no harm to society, there is no reason to stop.”

PHOTO: COGNITEE INC.
Earlier this year, a former US Air Force captain took his first steps in 27 years. Paralyzed from a fall in 1991 that broke five vertebrae, Dean Juntunen had been getting around by wheelchair. Now he’s learning to walk again with a wearable robotic exoskeleton at the Milwaukee VA Medical Center’s Spinal Cord Injury Center.

“Just standing talking to you is interesting,” Juntunen was quoted as saying in a blog post by the US Department of Veterans Affairs. “I had not gone from a sitting position to a standing position in 27 years. I got injured in ’91, so just that in itself is fun. I like just standing up and moving around.”

Stories like Juntunen’s are becoming common as robotics and artificial intelligence (AI) are changing medicine and healthcare. While the big story in this field has been surgical robots—Intuitive Surgical Inc.’s da Vinci system has been used in more than six million surgeries around the world over the past 20 years—these technologies are transforming everything from imaging and diagnosis to rehabilitation and drug discovery.

**ARISE, ROBOTS**

Earlier this year, surgeons at Tokyo Women’s Medical University–Waseda University Joint Institute for Advanced Biomedical Sciences (TWIns) completed a groundbreaking brain surgery to treat a nerve disorder called essential tremor, a common cause of shaky limbs. The operation featured the latest version of the center’s Smart Cyber Operating Theater (SCOT), or Hyper SCOT. With looks that evoke the sickbay aboard the USS Enterprise-D, the starship at the center of the television series Star Trek: The Next Generation, Hyper SCOT blends AI and robotics tools to maximize surgical results.

During surgery, brain tissue looks like reddish-pink Jell-O, and it’s not easy to distinguish areas of the brain that should be treated. Hyper SCOT can provide brain surgeons with guidance about where incisions should be made, as well as surgical prognoses in near-real time.

It also gives surgeons access to magnetic resonance imaging (MRI) during the operation. A robotic system moves patients from the operating area to an MRI scanner nearby to obtain high-resolution brain imagery. Until now, MRI has only been available before or after surgery, but having it during a procedure could significantly improve outcomes. Meanwhile, Hyper SCOT also collates data from all connected devices in and around the operating room, so doctors can make best-informed decisions.

“If we have many kinds of information, we need some kind of strategy desk, like Mission Control at NASA,” SCOT project leader Yoshihiro Muragaki, a professor at Tokyo Women’s Medical University’s Institute of Advanced Biomedical Engineering and Science, recently told Forbes. “Our moonshot is to make new eyes, brains, and hands for surgeons. With SCOT, we can perform precision-guided therapy.”

While exoskeletons and automation-assisted surgeries are benefitting patients, in other cases robotic technologies are becoming part of the human body, turning their recipients into cyborgs. Earlier this year, 14-year-old Giovanna Dubuc of
North Carolina, born without part of her right arm, was fitted with a Hero Arm, a 3D-printed prosthetic arm that can read muscle signals and transform them into robotic movements. With her Luke Skywalker-style bionic hand, Dubuc can pick up small objects, make “heart” signs with her robotic fingers, and steer her bicycle. The prosthetic has changed her life, and she’s not alone. More than three million people may be living with limb loss in the United States by 2050, by which time bionic prostheses surgeries to link the mind to artificial limbs may be routine.

**ACCELERATED MEDICINE**

If progress in AI over the next 30 years is anything like the past 30, it will have a major impact on many areas of society. In the 1980s, some of the earliest probabilistic translation programs were being developed, and now Google Translate, a free app in many smartphones, translates more than 143 billion words every day in more than 100 languages.

Using AI in healthcare, though, is complex—and the margin for error is small. To accelerate the uptake of AI in medicine, the US Food and Drug Administration established in 2017 a pre-certification process to enable digital health companies to bring AI solutions to market in a more streamlined manner than was previously possible.

One of the fields drawing a lot of attention for AI applications is medical imaging—the source of 90 percent of all healthcare data. Like the MRI scans in Hyper SCOT surgeries, imaging technologies can provide physicians with important insights about a condition. Aided by AI, they can become exponentially more powerful. GE Healthcare sees the AI healthcare market hitting $6.6 billion by 2021 and is trying to maximize its share of that with Edison, an AI platform that can draw upon data from millions of connected imaging devices.

One example of how Edison is being used comes from the University of California, San Francisco Medical Center, where doctors harnessed the platform to automatically and accurately detect signs of pneumothorax, a potentially fatal lung condition, from chest X-rays. The system can immediately alert physicians to signs of trouble, potentially saving lives. Compare this with the conventional process, in which up to eight hours may pass before doctors get around to looking at the images. GE Healthcare Japan showed off the application, known as Critical Care Suite, at a conference in Yokohama in April.

Other new tools the company announced include applications for MRI brain scans and deep-learning image reconstruction in computed tomography (CT) scans. The company says AI can help address radiologist shortages in Japan at a time when the population is aging and the burden on healthcare services is growing.

“In the past few decades, scientists and engineers—along with medical practitioners—have built increasingly intelligent computer systems that aid not only diagnosis but also treatment procedures,” Nozomu Uetake, Japan Research Leader, GE Healthcare Japan, told *The ACCJ Journal.* “We intend to increase the accuracy and efficiency, in terms of quantifiable and repeatable diagnostic accuracy, throughput, improved workflows, improved patient outcomes, etc., by injecting AI technologies based on Big Data at each of the healthcare steps.”

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**TECH**

The Smart Cyber Operating Theater (SCOT), or Hyper SCOT

Dean Juntunen is learning to walk again thanks to a wearable robotic exoskeleton.
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HR & Recruitment

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MACHINE PHARMACISTS

Edison isn’t the only AI platform changing healthcare. The pharmaceutical industry is trying to leverage tools such as machine learning to cut the time and expense of developing new drugs. Current processes can cost more than $2 billion, take more than 10 years to bring a medicine to market, and fail during development nine times out of 10.

One area of development is molecule design. The Machine Learning for Pharmaceutical Discovery and Synthesis Consortium brings together the Massachusetts Institute of Technology and 13 of the top pharma companies:

- Amgen Inc.
- AstraZeneca
- BASF SE
- Bayer AG
- Eli Lilly and Company
- GlaxoSmithKline plc
- Janssen Pharmaceutica
- Leo Pharma Inc.
- Merck & Co., Inc.
- Novartis AG
- Pfizer Inc.
- Sunovion Pharmaceuticals Inc.
- Wuxi AppTec

Researchers in this collaboration are using machine learning in an attempt to fully automate the process of designing new molecules for pharmaceuticals. Cancer is another promising field for AI due to its prevalence and the extremely complex interplay between the disease and the human immune system. Pfizer, for instance, is using IBM Watson to power its hunt for immuno-oncology agents.

“In the pharmaceutical industry, we see AI increasingly used in three key areas—modeling to predict treatment outcomes, drug discovery and design, and data processing,” says John W. Carlson III, manager for government affairs at AbbVie Japan and chair of the American Chamber of Commerce in Japan Healthcare Committee. “Each has the potential to significantly improve industry productivity with the potential to usher in an entirely new generation of personalized medicines.”

Spun out of Abbott Laboratories in 2013, AbbVie is a biopharmaceutical company focused on creating new drugs in clinical fields such as oncology, neuroscience, and immunology. While the company has been secretive about how it’s harnessing AI, it has been using robots to help handle compounds screened for use in potential new drugs. AbbVie is also in partnerships with Alphabet Inc.’s Calico—itself dedicated to extending human life, to develop new therapies for age-related conditions such as cancer—and Atomwise Inc., which is designing new drugs through convolutional neural networks, a common AI tool.

In Japan, AbbVie has been implementing robotic process automation software in the generation of internal reports and about 30 other simple, time-consuming processes—equivalent to some 3,000 person-hours of work—according to IT director Yoichiro Ishikawa.

“There are huge opportunities right in front of us in leveraging AI and other automation technologies to improve the lives of patients, enhancing research and business productivity by simplifying processes and better utilizing limited resources,” said James Feliciano, president of AbbVie Japan and co-chair of the ACCJ CEO Forum. “Amidst Japan’s tight labor market, the application of such automation technologies will likely be a key factor in weeding out the winners and losers of a new generation.”
Imagine a manufacturing plant in the perfect world of the Internet of Things (IoT). All machines are programmed, connected, and humming smoothly 24/7. Breakdowns are prevented by automated maintenance. Noise fills the plant, but no workers are in sight—with the exception of a few wearing white lab coats in a central control room.

That picture may be accurate today for some consumer products, such as pharmaceuticals, but, in reality, few factories are so highly automated. One still sees technicians on the shop floor. This is particularly true outside consumer-focused industries.

Despite the hype around automation, the position is unlikely to change much for the foreseeable future—even in Japan, where labor shortages are especially intense.

**ANALOG ADVANTAGE**

Even the most advanced machinery makers say some technologies will remain analog in a digitized world. A company may supply the most sophisticated industrial robots to customers, but to make them they often rely on 50-year-old machines operated manually by seasoned workers. If the machines break down, these skilled workers know how to fix them.

Even in a world of ubiquitous internet connectivity and automation, there is room for human intervention, because not everything can be digitized—at least not for a long time. Replacing equipment typically happens over multiyear cycles, during which workers take time to familiarize themselves with the kinks of the machines they work with.

The fashionable solution—in an increasingly tight labor market—is to use artificial intelligence (AI) to replicate human expertise. Many initiatives are underway to instill human nuance into AI so that it can reproduce a skilled technician’s movements precisely, eliminating the need for human apprentices.
Problem solved? Not so fast. AI, while perfectly capable of performing the tasks it is taught, cannot stumble across new and better ways of doing things. The advantage of person-to-person skills transfer is that over generations, we keep improving. Technological development is an accumulation of serendipitous accidents. This is the element often overlooked when presenting AI as a magic bullet in manufacturing.

AGING PROBLEM
Of course, human workers do have one huge disadvantage versus AI: they get older.

Like the Japanese population as a whole, the country’s manufacturing sector is suffering from population decline and a growing imbalance between young and old. According to a government survey, Japan’s manufacturing workforce shrank 9 percent, from 11.7 to 10.6 million between 2008 and 2018. While the share of workers in manufacturing aged 65 and over rose 2.4 points, from 6.5 percent in 2008 to 8.9 percent in 2018, the under-35 age group fell by almost four points from 29 percent to 25.1 percent.

Allowing older workers to stay on the job longer is one way to ensure continuity on the factory floor—traditionally a strength of Japanese manufacturing. Even so, today’s work environment is not kind to older staff. Most companies—79.3 percent of all companies and 88.7% of manufacturers—have a designated retirement age of 60, according to a 2017 Ministry of Health, Labour and Welfare survey. Although the revised Law for the Stabilization of Employment of Older Persons stipulates that employers must offer jobs to those who wish to remain employed up until the age of 65, their salaries are often slashed after they hit 60—by 20–40 percent.

LESSONS FROM AFAR
When it comes to older workers, Japan could learn a lesson from Germany, another advanced manufacturing nation grappling with an aging workforce. Through a system of corporate governance that gives workers direct representation on company boards and a voice in management decisions, Germany works hard to retain older skilled workers. German manufacturers often provide tailored contracts to experienced technicians, who may work three hours a day, or on call. They sometimes receive mechanical assistance, for example, with heavy lifting.

ABB, an engineering powerhouse, founded a Generations Center in 2012 in Mannheim-Käfertal to promote a better workplace environment and in-house recruitment opportunities, as well as to address the healthcare needs of older employees. Bosch, a well-respected leader in the automotive sector, welcomes the retired experts to return as consultants on a project basis. Companies in Germany understand that these experienced workers value respect and care, which motivates them to work harder.

In Japan, a progressive approach to older staff is easiest seen at small to mid-sized companies, perhaps due to their acute labor shortages and the short distance between the shop floor and...
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and management. A mid-sized industrial pump manufacturer, for example, handcrafted flexible working conditions for a company veteran in his late sixties. Despite suffering cancer, the employee continues to contribute in quality assurance, his speciality, while teaching the trade to younger colleagues.

LEVERAGING LONGEVITY
The traditional manufacturing sector in Japan is vertically constructed with layers of small to mid-sized suppliers which collaborate seamlessly, often despite a lack of capital ties. The older generation has built the trust to work together between companies, providing a hidden lubricant to the system. For this reason, we must not underestimate what older employees represent: human relationships in addition to technical competence.

For employers, investing in younger workers by offering training and benefits is a no-brainer. But young, talented employees may well jump ship, taking the current employer’s investment to another. Investing in senior workers—something employers may overlook—lowers that risk: senior workers have already demonstrated their loyalty.

Keeping older engineers happy, healthy, and working longer is a necessary defense strategy. Employers must ensure that their knowledge and skills are passed to the younger generation.

Older workers also preserve analog technologies and techniques. As companies digitize, analog processes are often neglected or dismissed by management. For those older staff who feel left out, a possible response might be management buyouts or starting their own companies.

INVEST IN THE PAST
There are examples of successful venture capitalists who focus on a niche group of entrepreneurs, such as SoGal Ventures, which specializes in helping women entrepreneurs. Why not a Japanese fund that would invest in older engineers with access to specialized, mature technology? With proper access to the global market, such companies could thrive.

Seeking external funding is not the only way to build scale. In the IoT era, factories are no longer islands. They can be connected online. If skilled tech workers and their shop floors are connected, they can form a networked manufacturing platform for outsourced operations through every step of the manufacturing process, from prototyping to scaling.

If those who need process expertise can be coupled with those who possess the equipment needed to do the job, older entrepreneurs can be an engine for the new “manufacturing-as-a-service” business.

The silver economy is a buzzword in developed economies. It tends to focus on older people as consumers, or their particular needs, such as healthcare. But one must not forget that older workers and entrepreneurs are a vital part of production in the silver economy. Older people are not simply warm bodies plugging a hole in the labor market, but a source of innovation and competitive advantage in manufacturing.

Nobuko Kobayashi is a partner with EY-Parthenon, a strategic consulting group within E&Y Transaction Advisory Services. Based in Tokyo, she specializes in the consumer sector with a special focus on multinational corporations operating in Japan.

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Imagine finding the ideal route to a destination, making travel reservations, and paying fares with a single smartphone app. That’s the promise of Mobility as a Service (MaaS). Seeing this technology as the travel system of the future, the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) has taken a commanding lead among government ministries and agencies by issuing overall guidelines for a Japanese version of MaaS.

Finland and other European nations are already well along in promoting MaaS, which is seen as a means of bringing cars, trains, planes, and other methods of transportation into a single service. So, the recent announcement that Toyota Motor Corporation and SoftBank Group Corp. will cooperate in this field made headlines.

MaaS is one of the more conspicuous future investment issues to be taken up by the Japanese government. Various ministries and agencies are already well along in promoting MaaS, which is seen as a means of bringing cars, trains, planes, and other methods of transportation into a single service. So, the recent announcement that Toyota Motor Corporation and SoftBank Group Corp. will cooperate in this field made headlines.

As a pet project, the Ministry of Finance has been exploring the establishment of international rules for digital taxation. The goal is to prevent information technology-related businesses from evading taxes. However, at the G20 Summit in Osaka, the ministry’s focus found competition from unrelated themes. Prime Minister Shinzo Abe and the media raised concerns over other issues, such as the establishment of international rules for data distribution, expansion of education for women, and reduction of plastic waste in the oceans—matters that typically fall under the Ministry of Economy, Trade and Industry.

"Sure, expansion of education for women and reduction of plastic waste in the seas are important issues,” a management-level bureaucrat at the Ministry of Finance grudgingly remarked, “but I don’t think they warrant top priority.”

At the G20 Finance Ministers and Central Bank Governors’ Meeting, Japan had hoped to advance plans for digital taxation in line with an earlier US proposal concerning taxation on profits earned from such intangible assets as brand power or customer databases. Through deliberations by the G20 and the Organisation for Economic Co-operation and Development, it had sought to establish rules for such taxation by 2020.

A particularly strong backer of this effort is Vice Minister of Finance for International Affairs Masashi Asakawa, who, from last January, set the record for the longest tenure at this post since the current system was adopted in 1968.

Finance Minister Taro Aso represented Japan at the G20 Finance Ministers and Central Bank Governors’ Meeting, but a member of the government who requested not to be named was quoted as saying, "It’s possible [Asakawa] was hoping to exit the stage as a winner, having achieved his aims at the G20. I suppose Aso wants it that way, and so does Asakawa.”

As part of its efforts in this area, measures will also be taken to standardize data related to public transportation to be used for real-time positioning as well as monitoring passenger and transit congestion.

Adoption of MLIT’s plan by various transportation means and providers is expected to pick up steam.
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In the United States and in countries around Europe, not-from-concentrate (NFC) juice, or “pure juice,” is most likely to be found on supermarket shelves. But in Japan, juice from concentrate still rules the roost. One company looking to change that is Brazil’s Natural One, through Natural Beverages Japan. They’ve already made a splash in their native country and are poised to have plenty of fans in Japan.

To find out more about Natural One’s background—and their expansion to the Japanese market—The ACCJ Journal spoke with (from left) Paul G. Guilfoile, president of Natural Beverages Japan and country representative for Natural One, Natural One Global CEO Rafael Ivanisk Oliveira, and Natural One CEO for Asia–Pacific Rafael Catole Demetrio.

FRESH FOCUS
It all started five years ago in Brazil, where Natural One got its start and has been rapidly growing in the NFC juice market at a pace of 30 percent per year.

Oliveira explained that, even in a nation that is known for its fruit, there are a number of reasons Natural One’s juice stands out. “We have very high-tech plants in Brazil that allow us to extract freshness and flavor from the fruit without using any kind of preservatives. So, our juice is 100-percent natural. We are also constantly innovating. We have about 16 flavors currently available in Brazil. This has allowed us to have a diverse portfolio, and we are constantly adding to it. And we have farms where the apples and oranges that are used for our juices are grown, which allows us to ensure freshness and quality.”

Oliveira said that, after finding success in Brazil, Natural One’s long-term goal is to become a global brand, and they’ve got their sights set on South America and Asia. Demetrio added that, in the long run, Japan could be headquarters of the company’s Asian operations.

Japanese consumers’ taste buds are adapted to a from-concentrate product. We’re trying to change the dynamics of that.

Of course, it’s a long journey from Brazil to Japan, and making sure that the product stays fresh in transit is extremely important. Demetrio explained that one of the ways that the company achieves this is by using a cold chain process, which ensures that the juice is kept at a low temperature from the time it is produced to the time it is sold.

Another secret, he said, is the use of nitrogen in the bottling process at their state-of-the-art filling plant. This forces out all the oxygen, which could cause the flavor of the juice to change. “This allows us to have the really fresh product on the shelf for the consumer, giving us eight months of shelf life with real juice that, when you’re drinking, tastes like something that someone squeezed in your home.”

TASTEMAKERS
Guilfoile explained that Japan, which has historically been the second-largest beverage market in the world, is a perfect location to spread the word about their juice. Natural One products are offered in this country through Natural Beverages Japan. “The people here love good juice and good beverages, and there’s a lot of innovation here.”

But there is some work to be done, Guilfoile pointed out. “Japanese consumers’ taste buds are adapted to a from-concentrate product. We’re trying to change the dynamics of that.” Natural Beverages is educating consumers by doing demonstration sales and distributing educational materials that explain the differences between from-concentrate and not-from-concentrate juices.

Currently, Natural Beverages has an NFC lineup that includes orange, guava, mango, and apple juice, and one from-concentrate juice: grape. Guilfoile said that the brand has plans to expand the Japanese product range in the months and years to come.

The company’s juice can be found at 23 high-end supermarket chains around Japan, as well as at Tokyo American Club. But they’ll be available in more supermarkets soon, and with their impressive product lineup, Natural Beverages Japan has the potential to be a true tastemaker.

Watch the video online: bit.ly/injtvnatural
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International assignees from the United States who are working for branch offices or subsidiaries in Japan may have been granted stock options (SOs) or restricted stock units (RSUs) by the US headquarters or parent company. The benefits arising when SOs are exercised or RSUs are vested are taxable in general as receipt of employment income. Here is how the benefits are taxed in Japan.

At first any individual is subject to tax liability of income tax in accordance with the following residential statuses.

**RESIDENTS**
Any individual who has a domicile (center of living) in Japan or who resides in Japan continuously for one year or more is classified as a resident.

Among residents, any non-Japanese national who has had a domicile or a residence in Japan for an aggregate period of five years or less within the past 10 years is classified as a non-permanent resident. All other non-Japanese nationals (and Japanese nationals) are classified as permanent residents.

**NON-RESIDENTS**
Any individual other than the residents mentioned above is classified as a non-resident.

In the event that SOs are exercised or RSUs are vested while the assignee is working in Japan, he or she will be taxed as a resident. If SOs are exercised or RSUs are vested after the assignee has left Japan, he or she will be taxed as a non-resident. Non-residents are taxed on their domestic (Japan) source income at 20.42 percent. In both cases, they need to file an income tax return that includes the benefits and pay taxes.

Apportionment of benefits between domestic (Japan) source income and foreign source income is calculated as follows:

**SOs**
Benefits = fair market value of stock when exercised – grant price

Domestic source income, etc. = the benefits × (number of days working in Japan from the date granted to the date exercised) ÷ (number of days from the date granted to the date exercised)

**RSUs**
Benefits = fair value of stock when vested

Domestic source income, etc. = the benefits × (number of days working in Japan from the date granted to the date exercised) ÷ (number of days from the date granted to the date exercised)

### SCOPE OF TAXABLE INCOME

<table>
<thead>
<tr>
<th>Classification</th>
<th>Domestic (Japan) Source Income</th>
<th>Foreign Source Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resident</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Permanent resident</td>
<td>Taxable</td>
<td>Paid in Japan</td>
</tr>
<tr>
<td>Non-permanent resident</td>
<td>Taxable</td>
<td>Paid Abroad</td>
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**Note:** Only the portion deemed remitted to Japan is taxable.

<table>
<thead>
<tr>
<th>Classification</th>
<th>Domestic (Japan) Source Income</th>
<th>Foreign Source Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-resident</td>
<td>Taxable in principle</td>
<td>Not taxable</td>
</tr>
</tbody>
</table>

**Takehiko Hara** is a director at Grant Thornton Japan’s Global Mobility Service, providing tax solutions to global mobile employees, global business and high-net-worth individuals with overseas assets. Hara joined Grant Thornton Japan in 2018 after having 35 years of experience at the Tokyo Regional Taxation Bureau, Tokyo Regional Tax Tribunal, National Tax College, and National Tax Agency. Hara specializes in international taxation for Japanese and non-Japanese nationals.

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The market for Japanese government relations has undergone fundamental changes over the past decade, growing from a tiny niche to an essential and mainstream part of doing business in Japan. The sector is also now benefiting from the growing sophistication of both practitioners and clients.

ASIA ORIGINS
The largest government relations and public policy company in Japan is GR Japan, the flagship operation of the GR Group. When it was founded in 2010, few businesses in Japan felt the need for professional Japanese government relations services. But that has clearly changed. Growing numbers of multinationals and local companies, as well as industry and third-sector organizations, now recognize the importance of government engagement as a crucial aspect of their operations. There is also an increasing awareness that requires professional support, planning, and strategic engagement—in the same way as media, suppliers, and customers.

Crucially, growing appreciation of the value of government relations is also evident on the government side. Lawmakers readily credit the industry for providing new policy ideas and for enhancing decision-makers’ access to global expertise and global best practice.

The GR Japan team has grown in line with this trend, expanding from two to nearly 60 government relations professionals in just nine years. The team includes former parliamentarians, local assembly members, diplomats, academics, journalists, and senior business executives. As well as its base in Tokyo, the GR Group now also has offices in London, Osaka, Washington DC, and Seoul. GR Korea became the latest member of the group in January of this year, with a specialist Korean team now offering dedicated government relations services for the Korean market.

US EXPANSION
Given the importance of the United States as a government relations hub, the GR Group opened its first US office in Washington DC in late 2018 as GR Group Asia. The US company is led jointly by James Fatheree, former vice president for Asia at the US Chamber of Commerce and longtime president of the US–Japan Business Council, and Bridgette Clark, a former US Foreign Commercial Service officer with experience in Japan who has worked on trade and investment projects in more than 40 countries.

The presence of a Japanese and Korean government relations advisory firm in Washington DC reflects the steady demand for local, on-the-ground support for US clients as well as the growing need for expertise on US trade policy and economic relations with Asia.

SECTOR EXPERTISE AND SPECIALIZATION
Japan’s government relations sector continues to grow, both in size and in sophistication, enabling specialization in sector teams such as: healthcare; energy and environment; information and communications technology; financial services; defense; transport and tourism; fast-moving consumer goods; food and beverages; and not-for-profit sector.

For inquiries to GR Japan or the GR Group, please contact info@grjapan.com or info@gr-group.com.
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