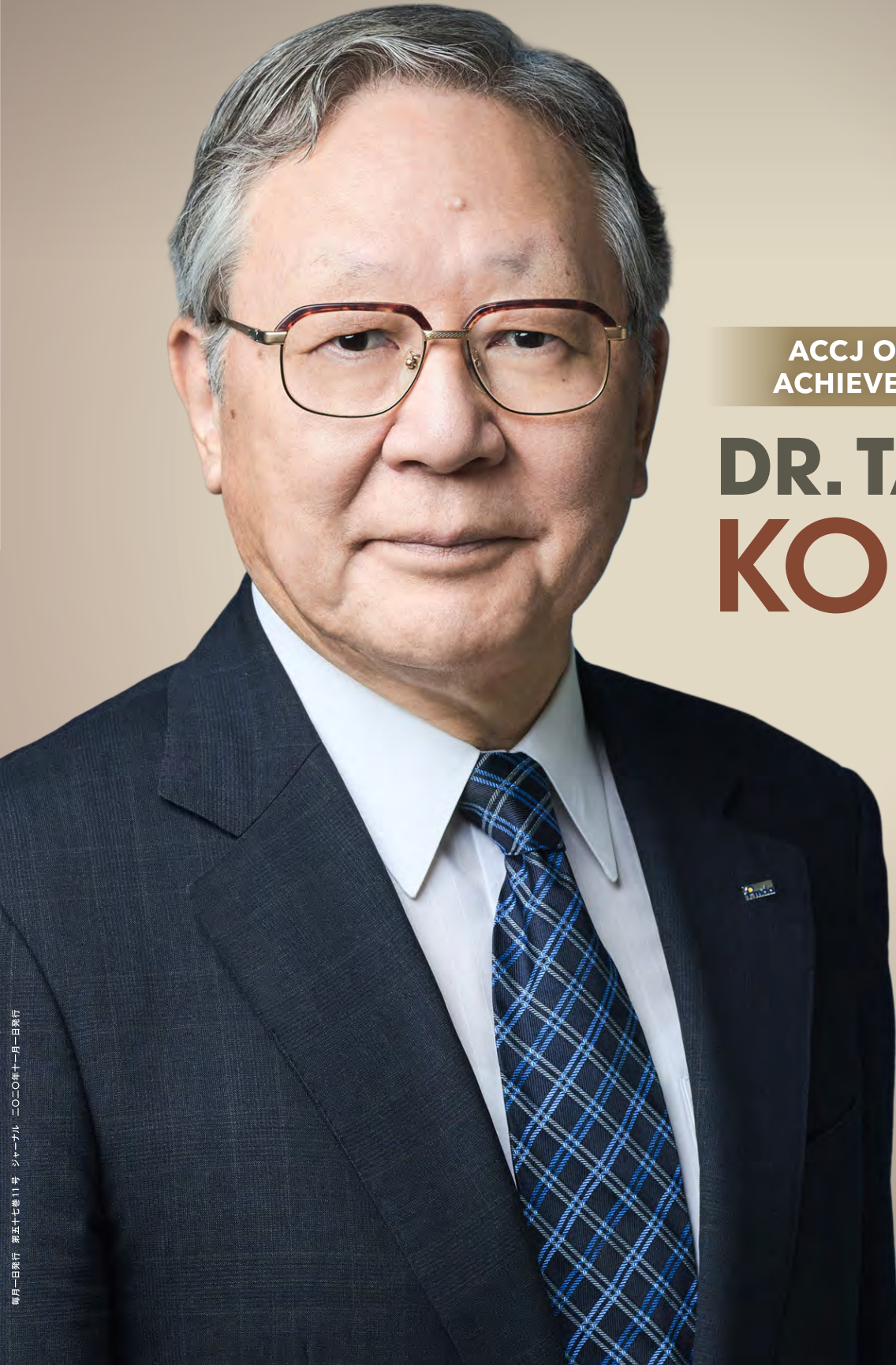




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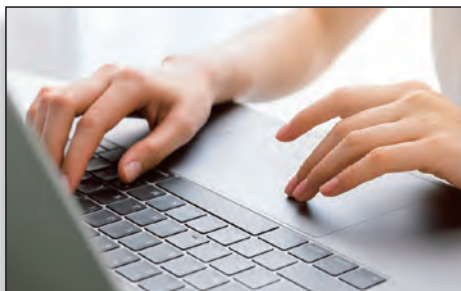
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CHANCE TO REFORM



Christopher Bryan Jones
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Sometimes it takes a change of guard to get the blades turning on societal transformation. Sometimes it takes a cataclysmic act of nature. Sometimes it takes both.

Where we stand today, near the end of 2020, is certainly not where we thought we would be when the year started. The impact of Covid-19 on our personal and professional lives has been well documented—certainly in the pages of this journal. But the way in which it would rock the foundation of society took a bit longer to see. Now that the winds of change are blowing, items from the reform wish list are taking flight.

SUDDEN CHANGE

While we knew that a post-Shinzo Abe Japan was on the horizon, his sudden resignation in August came as a surprise. As the longest-serving prime minister in Japanese history, he provided great stability and brought needed reforms to the economy and foreign relations.

But to take the next steps, maybe unexpected change was needed. The out-of-the-gates energy of Prime Minister Yoshihide Suga and his administration and the pressures placed on

traditional practices by the coronavirus have led to calls for quick change. Tools and practices—some dating back centuries—that complicate our business and personal lives could be gone in the blink of an eye. These include the use of *hanko* (personal seals), faxes, and paper forms, as Administrative Reform Minister Taro Kono has called for an end to them. We've talked about these before. But there are calls for change that may help modernize Japan in other areas.

POWER MIX

One of those is renewable energy. Suga is set to announce that Japan will reduce greenhouse-gas emissions to net zero by 2050 and set concrete plans for supporting renewables.

Kono, who is in charge of regulatory and administrative reform, plans to encourage private investment in wind and solar power. And Minister of Economy, Trade and Industry Hiroshi Kajiyama says talks are underway to set new policy goals and draft a strategic energy plan for 2021. More details on these changes start on page 40.

MORE TO COME?

As someone who has called Japan home for a quarter century, I'm glad to see movement on these matters. Still, many issues remain, all of which impact business:

- Can Japan embrace diversity and inclusion?
- Will marriage equality become official?
- What about the goals of Womenomics?

These three, in particular, seem difficult to advance in Japan. Why? Because they can't be solved just by setting policy; they require a change of mindset that does not come easily.

I have felt progress on diversity and inclusion—especially as it has been embraced by companies that are chamber members—but hope to see it make the jump to Japanese business at large.

The same can be said for marriage equality. Companies are leading the way, because they understand how important it is for the happiness and fulfillment of their team members. That alone is enough, and the increased access to the best talent is a bonus.

As for Womenomics, progress has been made in the percentage of women in the workforce, but the goal of more women in corporate leadership remains on the horizon. At the heart of the problem is work-life balance, and that is where Covid-19 has brought potential for change. The forced work-from-home situation has given husbands and wives, mothers and fathers, a chance to share the load. And that's where mindset change begins. If the Suga administration can latch onto that, maybe Abe's vision can finally be realized. ■

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Dale Carnegie

The State of the Chamber



PRESIDENT

By Peter Fitzgerald
ACCJ President

Each October, the American Chamber of Commerce in Japan (ACCJ) holds its Ordinary General Meeting—an opportunity to bring all members together for a review of the past year and to kick off our annual election cycle. One of the many privileges of being ACCJ President is the opportunity to deliver a State of the Chamber address at this event. I'd like to share some of the highlights with you.

Through a year that's been anything but "ordinary," the chamber's accomplishments have been nothing short of extraordinary.

Our members and committees are at the heart of what drives the chamber. This year, we've seen an increase in women committee leaders, and we continue to promote diverse leaders on all committees.

At the end of last year, the chamber added community as one of its core pillars. This was done to codify the ACCJ's commitment to responsible corporate citizenship. Thank you to the Community Service Advisory Council, the Charity Ball Committee, and the Chubu and Kansai Community Service Committees for driving the chamber's support for the communities in which we do business.

On advocacy, in particular, the chamber has published 45 documents to date, including Covid-19-related advocacy on such topics as taxation, healthcare, and reentry restrictions. Thank you to all our committee leaders for your service to the membership and for driving these important initiatives offering invaluable opportunities to members.

At the start of 2020, we committed ourselves to achieving three main strategic goals:

TRADE HARMONY AND MODERNIZATION

The ACCJ has worked closely with the Embassy of the United States, Tokyo and the Government of Japan to amplify our members' voices. We've maintained active dialogues with Washington, DC, and the United States Trade Representative in the lead-up to Phase 2 of the US-Japan Trade Agreement negotiations.

Digital trade has been a critical part of our advocacy efforts. One recent example is the annual Internet Economy Dialogue Industry Session—a joint virtual event between the ACCJ and Keidanren, the Japanese Business Federation, with invitations to the US and Japanese governments to discuss the US-Japan partnership on digital economy, policy, and technology.

The chamber looks forward to continuing these efforts with the new administration of Prime Minister Yoshihide Suga.

SUSTAINABLE SOCIETY AND HEALTHCARE

To support the Health and Retirement Pillar, we are nearing completion of the white paper titled *Post-Covid-19 Recommendations to Ensure a Social Security System for All Generations*.

Thank you to all the members who have been tirelessly leading this initiative this year.

UNLOCKING JAPAN'S DIGITAL POTENTIAL

The chamber is taking the lead on how to drive digital growth across all member sectors. The *New Digital Agenda* white paper, currently in development, will present transformative digital technologies in Japan and unlock opportunities for growth and innovation in the US and Japanese economies for the next decade.

In addition to the Internet Economy Dialogue, we've engaged in a Government of Japan industrial cybersecurity working group. This enables the chamber to deliver our voice directly to the government on digital and cybersecurity issues. And, in September, we launched the new Digital Society Pillar to align and hone digital advocacy efforts.

CHUBU

The ACCJ's Chubu chapter has been a model of commitment to the community. The Chubu Walkathon, held virtually for the first time, was a resounding success. Having reached more than 14,000 people and close to 4,000 engagements as of this month, it has enabled us to donate ¥6 million to more than 20 charities and organizations this fall.

The Walkathon brought the community closer together, and the chamber, as a whole, is benefiting greatly from virtual access to Chubu-initiated events.

KANSAI

The energy of the Kansai chapter's leaders has been driving several exciting and impactful initiatives, such as its Leadership Series, the Diversity & Inclusion Summit, the upcoming Healthcare x Digital pitch event, and its Technology Series.

As with Chubu, Kansai has seen increased engagement of members in chamber-wide events and more Tokyo members are also enjoying virtual access to Kansai events. Kansai Executive Committee leaders published newsletters with content focused on member needs during the pandemic, and the chapter contributed to the Food Bank Kansai to support the community.

As you can see, faced with difficult circumstances, the chamber achieved its mission and delivered on strategic goals, all the while becoming a stronger and more agile organization.

I would like to take this opportunity to thank all my fellow board members, committee leaders, and ACCJ members for your support.

It has been an honor and pleasure to serve as ACCJ President this year. This wasn't the experience I anticipated when I ran for this position, but it's an experience that will stay with me and that has given me a fresh perspective on what's possible when people and companies work together toward a common goal. ■

ACCJ Outstanding Achievement Award: Dr. Tatsuya Kondo

By C Bryan Jones

Perhaps no sector has been more critical to society in 2020 than healthcare. Helping Japan build a stronger, more sustainable healthcare system has long been a goal of the American Chamber of Commerce in Japan (ACCJ), and the Healthcare Committee continues to play a highly active role in advocacy and generating ideas and solutions. An important part of effecting change is communication with the Japanese government, and the voice of the ACCJ is highly respected by leaders and regulators.

Playing a key role in Japan's healthcare efforts is Dr. Tatsuya Kondo, who served as chief executive of the Pharmaceuticals and Medical Devices Agency (PMDA) from 2008 to 2019. On October 9, the chamber recognized Kondo for his contributions with the ACCJ Outstanding Achievement Award during a virtual session hosted by the Healthcare Committee and emceed by committee chair John Carlson.

At the start of the event, ACCJ Vice President Amy Jackson presented the certificate, saying:

"It's a true honor for me to be able to give you this very well-deserved award. A grateful American Chamber of Commerce in Japan presents this Certificate of Appreciation to Dr. Tatsuya Kondo for his significant contributions to improving the Japanese healthcare system, helping to harmonize the country's regulatory system, and furthering the US-Japan partnership.

"Under Dr. Kondo's leadership, Japan's Pharmaceutical and Medical Devices Agency evolved into a world-class regulatory body. The PMDA was then able to reverse the drug and device lag

that had, for many years, delayed Japanese patients' access to some of the world's most innovative and advanced pharmaceuticals, biological therapeutics, medical devices, and diagnostics. His efforts were pivotal in bringing together the business community with government stakeholders to streamline processes, shorten review times, and implement much needed reforms.

"Through skillful application of regulatory science and a keen understanding of the levers of innovation, Dr. Kondo has contributed greatly to ensuring that patients in Japan have access to the latest world-leading innovations that not only save lives but improve quality of life.

"The ACCJ membership, Board of Governors, and the Healthcare Committee are pleased to present this honor in recognition of his career achievements and contributions to the future of healthcare in Japan."

Noting the wishes of all in attendance to share a round of applause in person, Carlson thanked Kondo not only for his contributions to the Japanese healthcare system, but also for generously having shared his time with the chamber as a speaker on many occasions over the years.

EVOLVING MEDICINE

Kondo, who is now CEO of Medical Excellence JAPAN (MEJ) and chief executive emeritus of the PMDA, began his remarks by thanking the chamber, saying, "This certificate will always have a place of honor on my wall."

He then began a presentation entitled *Evolution of Regulatory Science and Rational Medicine Initiative*.

"This year should have been a special year for Japan. Following the great success of the Rugby World Cup last year, we should have experienced the excitement of sport through the Olympics," he said. "But, the reality is that Covid-19 upset everything. We are now struggling to build a new normal society.

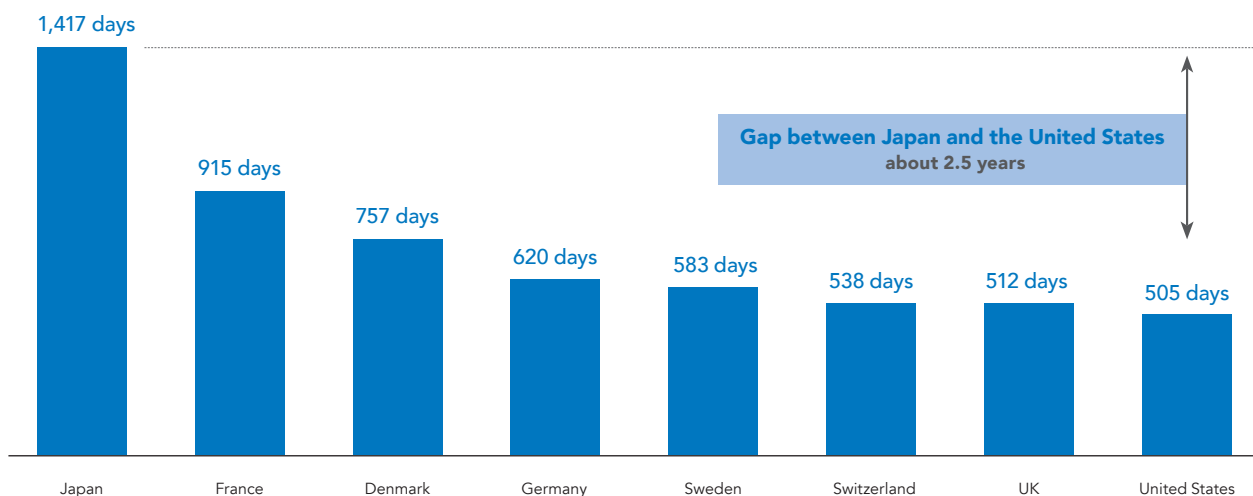
"I'm no exception, I am learning and adapting to this new digitization. More than 30 times I have done presentations and speeches, the way we are now, internationally and domestically since April. At the very beginning, I felt frustrated about not seeing each other and not absorbing the conference atmosphere. However, one step at a time, I progressed—and everyone progressed. Now I feel even more connectivity between people, regions, and nations by using technology."

He added that people often say things such as "Due to Covid-19 ..." and "Due to the pandemic ..." in a negative way. From his point of view, however, there has been a great positive to come from the crisis in the form of changes in lifestyle that are pushing us to new places.



History of Drug Lag

As of 2006, new drug marketing in Japan lagged, on average, four years behind the initial global launch.



SOURCE: MEDICAL EXCELLENCE JAPAN, ALL RIGHTS RESERVED

REGULATORY AUTHORITY

To understand how the Japanese government sets health policy and regulations, it is necessary to know how the two regulatory authorities—the Ministry of Health, Labour and Welfare (MHLW) and the PMDA—work together.

Kondo explained: “The PMDA is an independent administrative agency, established in 2004, in charge of scientific reviews and other technical matters. The MHLW is responsible for policy, decision-making, and supervising the PMDA. Working closely with the MHLW, the PMDA aims to create a regulatory process to deliver safer, more effective medicines and medical devices.”

The PMDA oversees review, safety, and relief, and is the only regulatory authority in the world that plays these three roles in an integrated manner. The agency contributes to the improvement of

medical care standards by delivering safe, high-quality products to medical practitioners more quickly through a system based on regulatory science.

As Jackson said, under Kondo’s leadership, the PMDA evolved into a world-class regulatory body, and bringing treatments to market faster has been one of the PMDA’s major accomplishments.

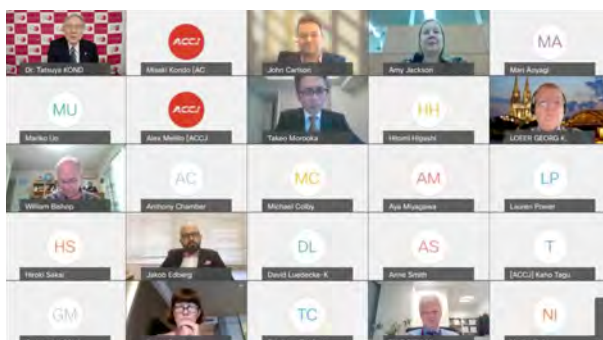
“When I took the role of chief executive back in 2008, there was a big problem,” Kondo said. “New drug marketing in Japan lagged, on average, four years behind the initial global launch—a gap of about 2.5 years with the United States, which had the smallest time lag.”

This, he said, was one of the biggest challenges facing the PMDA at that time, and even drugs originating in Japan were being approved in other countries before becoming available domestically. “It was a grave concern that Japanese patients could not rapidly access the latest drugs, despite the efforts of Japanese researchers and regulators.”

To solve the drug lag, Kondo initiated innovative reforms at the PMDA to:

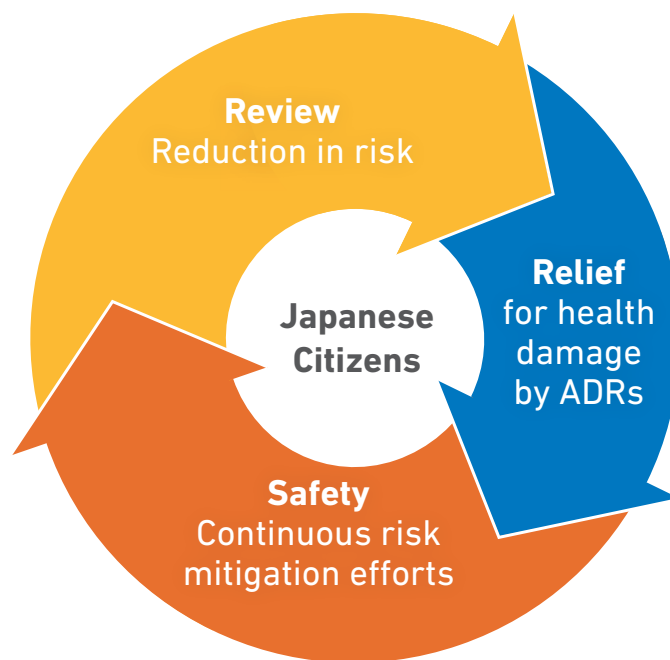
- Increase the size of the workforce (250 in 2004; 915 in 2018)
- Establish a regulatory framework for innovative products
- Work with academia, students, and international relations to promote regulatory science

“I announced the target for our shortened review time, and all PMDA staff worked towards this goal,” he explained. “The time lag was shortened by adhering to our goals, and we have earned



It was a grave concern that Japanese patients could not rapidly access the latest drugs, despite the efforts of Japanese researchers and regulators.

Safety Triangle: PMDA's Three Major Services



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the trust of our stakeholders. I believe the most important part of changing things drastically was boosting people's self-confidence, both being a PMDA worker and a regulator. The PMDA's atmosphere is one where a worker can proceed with work and tasks with courage and confidence. This is the most important element for creating a driving force."

REGULATORY SCIENCE

Kondo also talked about the PMDA's Rational Medicine Initiative, launched in 2017, which aims to serve the best overall interests of the patient through an all-inclusive approach to medicine that is based on the latest science and most advanced technology in all relevant areas.

"I have always thought that medical care must be administered based on rational judgment, and that we should always provide healthcare based on rational decisions. Regulatory agencies should not rely on bias or personal likes and dislikes. Judgment is always to be made by evaluation science. In other words, to prevent promising discoveries from being buried under noise and becoming a 'lost discovery,' regulators must strengthen their regulatory science," he said.

"Rational medicine is the idea that a patient-centric system should be created based on the latest scientific knowledge and

ethical science, [for care] from perinatal to the final stage of life. I strongly believe that this idea should always be borne in mind by healthcare professionals, companies, government authorities, and all other parties concerned."

Under this initiative, the PMDA is working to:

- Provide better insight into the risk–benefit balance of drugs, medical devices, and regenerative medical products
- Create a medical environment in which the care provided is strictly evidence-based

To do this, the agency is continuing to:

- Innovate through product approval reviews of enhanced rigor and rationality
- Further promote regulatory science
- Increase the sophistication of safety measures using real-world data
- Enhance international partnerships

"I hope that this initiative can facilitate earlier approval of medical products with innovative new technologies," Kondo said.

I believe the most important part of changing things drastically was boosting people's self-confidence.

MEDICAL EXCELLENCE JAPAN

In 2011, Japanese government entities helped establish MEJ as a public-private partnership to serve as the central organizational hub for facilitating overseas expansion in the healthcare and medical care sectors as one of Japan's growth strategies.

Kondo became CEO of the organization, which is supported by some 50 member companies and medical institutions, in June 2019, taking over from Dr. Shuzo Yamamoto.

"We have initiated several schemes, networks, and platforms that help bridge the existing gaps in the industry-academia-government collaboration from the patient's perspective."

Once such initiative is the establishment of the Four-dimensional Medical Reform Study Group, which is looking for paths forward that go beyond the country's traditional approach.

As Kondo explained: "Japan is a country that provides cutting-edge medical care based on an excellent insurance system. But, at the same time, it has various problems. How we maintain the universal insurance system in the face of aging and a declining birth rate is a top issue which gets attention from all over the world.

"Another issue is that the medical information accumulated in clinical settings has not been standardized nor unified. The Government of Japan recently announced that they will stop using [personal seals] in business and society. But we all know we are living in such a paper culture, and the medical field is no exception.

"In aiming for the ideal medical system, it is difficult to solve these problems by focusing on a Japan that is thinking only in two dimensions. The international way of thinking about expanding medical care is a three-dimensional perspective, on the time axis of the future. This study group was established to work on all-dimensional medical vehicles that incorporate ideas from many relevant entities."

MEJ, he said, is promoting activities involving a wide range of people from various areas related to Japanese healthcare, and this study group is discussing medical issues in Japan from new perspectives to develop rational solutions that provide patient-centric care.

MEJ's guiding principles are:

- Regulatory science
- Absolute values
- Rational medicine initiative
- Ensuring health ensures national security

There is also the MEJ Forum, which comprises medical institutions, medical associations, and societies interested in medical globalization. Members have opportunities to engage in mutual exchange to share knowledge and expertise. Kondo's vision is reflected in both the PMDA and MEJ. While promoting the Rational Medicine Initiative based on regulatory science for the relevant entities, he integrates the force to drive change to benefit patients and innovation.

"YOUTH"

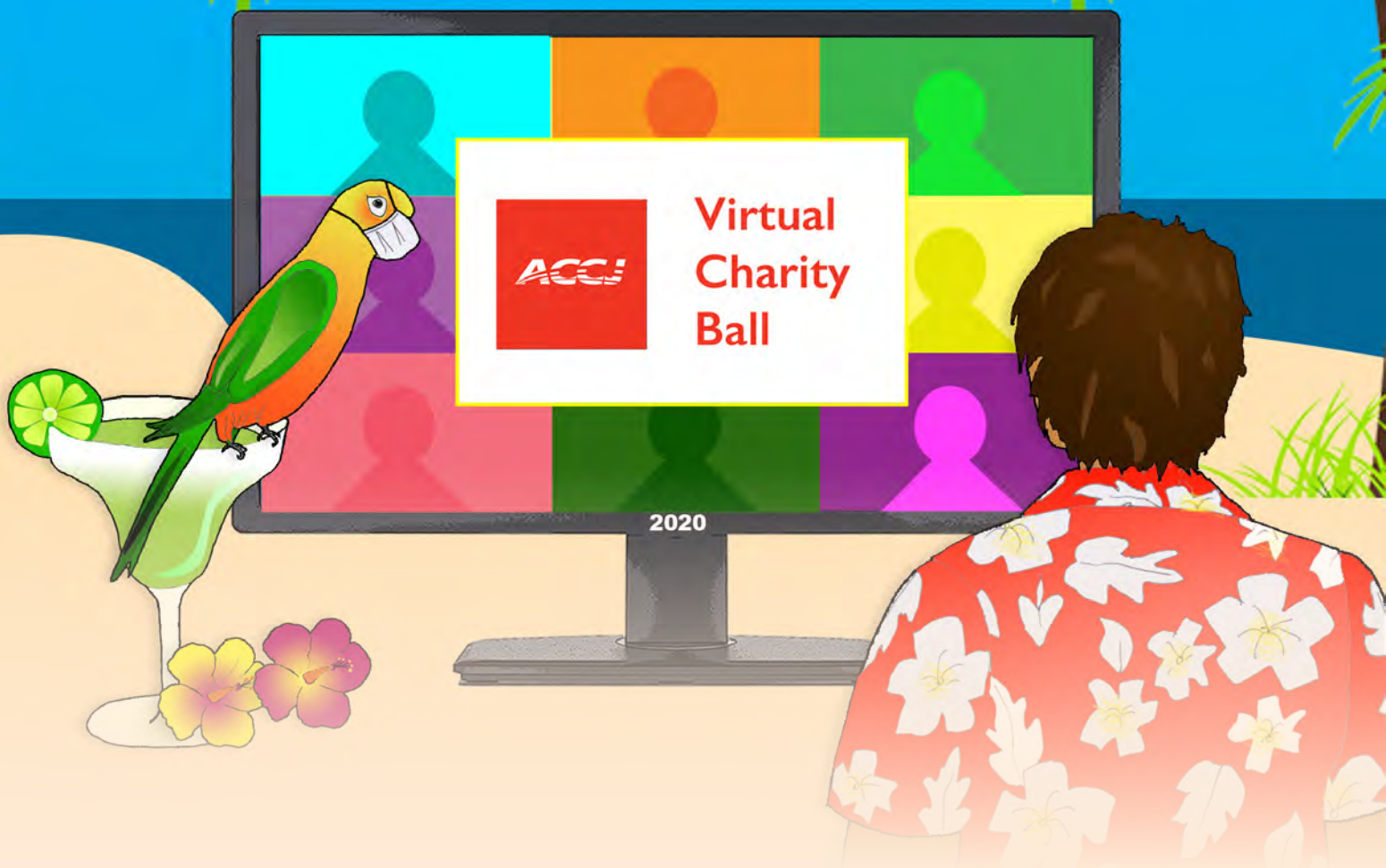
Kondo concluded his talk with an excerpt from one of his favorite prose poems by Samuel Ullman (1840-1924).

"Youth is not a time of life; it is a state of mind. Nobody grows old merely by a number of years. We grow old by deserting our ideals. If your spirit is covered with snows of cynicism and the ice of pessimism, then you are grown old—even at 20. As long as you catch the waves of optimism, there is hope you may die young, at 80," he paraphrased.

"Ullman wrote this poem when he was 78," Kondo said. "I am just 78, even though I feel my energy and curiosity growing every single day. Be creative and keep your brain healthy." ■



Welcome to REMOTE PARADISE



Save the Date: Saturday, December 5!

There are many ways that you can assist, so please visit our website for more details on sponsorship, charities, and how to be part of the evening at: www.accjcharityball.org

Ready to Reinvent Fun?

Join us online for an exciting evening of fundraising

By the ACCJ Charity Ball Committee

Each December, American Chamber of Commerce in Japan (ACCJ) members and guests gather for a night of celebration and support for the community. Our challenge this year, in our socially distanced world, is to bring you an evening that we hope you will enjoy with family, friends, and colleagues—virtually! Working out the details has been more challenging than we first thought, but we hope what we come up with will prove to be an entertaining fundraising evening for all.

FOOD AND DRINK

Let's start with supporting some of the local restaurants and wine vendors that have worked with us in past years. Located in Azabu-juban, Soul Food House has been part of our Charity Ball since they opened in 2015, with owner and chef LaTonya Whitaker providing us with her special Cajun Gumbo and Nashville Hot Chicken. About this year's struggles, she said:

"Soul Food House has always been about community and bringing the taste of home to the hearts and homes of people living in Japan. Whether you are a native Japanese or an expat living in Japan for a season, you are all family when you walk through our doors or order through a delivery service.

"Running a restaurant is not always easy. Covid-19 hasn't made it any better, but we continue to work hard for you, our customers. Your continued support, love, and encouragement keep us going. If there were no you, there would be no Soul Food House. Thank you for loving us. We are grateful."

Robert Rann, owner of Bistro Vino in Roppongi, has been one of our yearly wine vendors at the Charity Ball Wine Taste-off, often supplying the winning wines for the evening. He said: "Bistro Vino was developed to build a community of wine lovers in Roppongi with a sense of place where people can enjoy great food and wines at reasonable prices. We are grateful for our loyal customers who keep coming back during these difficult times, and as a community we will all get through this together."

We hope you will reach out to them for your dinner on December 5, and will be providing details as we get closer to the event. Watch the ACCJ website and communications for more.

ENTERTAINMENT

We have had many great entertainers at the Charity Ball over the years, and several will be performing as part of this



virtual event. In our search for that remote paradise, you will be entertained by some of our favorites, including:

- Mississippi blues man Steve Gardner
- Country and gospel singer Jett Edwards
- Jazz pianist and composer Kevin McHugh
- Guitarist Chris Grundy
- Latin musician Alexander LP
- The ACCJ's own Andrew Silberman

All these performers are thrilled to be part of the evening, and will be coming to us directly from Quarantinville.

Steve Gardner said: "Support is nearly everything to the performing artist. Those who lend a hand, open their hearts, come out, shout out, and sing out, keep all of us going. We tighten our mask and bump our elbows to you with hats off and high hopes for better days."

We look forward to your support for our charities and for those who are struggling to keep their businesses and livelihoods going. Continue to watch our website for updates and look forward to seeing you all there! ■

ACCJ VIRTUAL EVENT

China's Foray into Digital Currencies and the Global Implications

By C Bryan Jones

As our lives become increasingly digital, many of us are using e-money. Talk of cryptocurrencies peppers the news, while China's plans and test runs for a central bank digital currency (CBDC) are garnering attention globally. But what Beijing is creating is not a cryptocurrency, and it raises a number of questions.

On October 16, the American Chamber of Commerce in Japan (ACCJ) Alternative Investment Committee welcomed Andrew Work, co-founder and director of the Hong Kong-based not-for-profit free-market think tank The Lion Rock Institute, to explore the topic of CBDCs in a presentation entitled *China's Foray into Digital Currencies and the Global Implications*. As the former executive director of the Canadian Chamber of Commerce in Hong Kong and a writer for *The Economist* and Penton Media, Work is a sought-after expert on business, economics, technology, innovation, and politics concerning Canada, Hong Kong, and greater Asia.

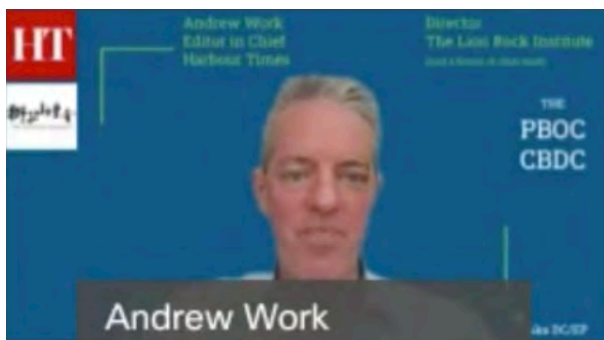
PAY ATTENTION TO CHINA

Work began the virtual event with a story about a 2019 visit to Hong Kong by the German Bundestag's Finance Committee. He was asked to speak to the group, which, at the time, was a bit concerned about Facebook's plans to introduce its Libra cryptocurrency, and what that could mean for the social media platform's global influence. "The Chinese and their forthcoming digital currency are what you should have on your radar," he told them. They took that to heart, and soon the Friedrich Naumann Foundation—a German group dedicated to fostering dialogue on European politics, democracy, and individual freedom—asked him to write a report on the matter that would be presented to all members of the Bundestag.

While China's CBDC project is getting attention now, it isn't new. "This has been in the works for quite a long time; since 2014," Work explained, noting that the People's Bank of China (PBOC) founded an internal team to start doing research. With cryptocurrencies on the rise, the PBOC decided it needed to determine how it would approach the idea. After a few years of exploration, they formalized the mission and created an institute with seven divisions in 2017. "They are deep into test mode now, and this thing is ready to go," he said.

Tests of the PBOC's digital currency are now underway in four cities:

- Xiong'an
- Shenzhen
- Suzhou
- Chengdu



If you are an economist . . . you can program artificial intelligence to analyze the domestic money supply.

“Xiong’an, in particular, was really surprising when they started announcing they were running retail-level tests of this at Subway, Starbucks, and McDonald’s—American institutions with local franchisees,” he said, pointing out that the tests are being conducted only at individual outlets in the Xiong’an district, not nationwide.

But with four big banks involved—the Bank of China, China Construction Bank, the Agricultural Bank of China, and the Industrial and Commercial Bank of China—the tests are very serious, and the initiative is picking up momentum.

The PBOC announced in August that it plans to launch its CBDC in 2020. As we are now deep into the fourth quarter, this may or may not happen. The government has also said that it intends to test the currency at the Beijing 2022 Winter Olympics.

“If you’ve already launched it, why are you testing again at the Olympics?” Work asked. “My take is that, when they talk about the rollout, there will be two phases. There will be a domestic rollout, and then they are figuring out how they’re going to connect it to the international world,” he said. “I think Beijing 2022 is going to be an opportunity for the PBOC to test it with people who are coming in—the massive number of tourists—and they will put things in place so that tourists can then start to use the digital currency in China.”

Either way, whether it is still in testing in 2022 or has already been launched, China’s CBDC is clearly coming, and there will be a push to make it mainstream—at least inside the country.

As part of the current testing, the PBOC is trying to get people onboard with incentives that tie into cultural traditions. In one test, residents could be awarded a digital *hongbao* (red envelope) worth 200 yuan (about \$30) through a lottery system.



Red envelopes are traditionally used to give monetary gifts on special occasions in China, similar to the use of *noshibukuro* or *shugibukuro* in Japan. Millions of people applied and 50,000 were selected.

“People outside of very small test groups have been able to get their hands on this, so you can see the expansion of testing. The 50,000 lucky winners received this small injection of currency, download the app—a digital wallet—and they can use the currency in Shenzhen,” Work explained. “They can use it at outlets like Sinopec gas stations, Walmart, and Vanguard, a chain of grocery stores. They can also use it at convenience stores and at places that are a little more upscale, like the Shangri-La Hotel.”



Shenzhen links Hong Kong to China’s mainland.



PHOTO: AARON ZHU

China is testing a digital currency at some US franchises.

CBDC VS. CRYPTO

What is a central bank digital currency? This is a common question and a source of confusion for many people who are more familiar with cryptocurrencies such as Bitcoin.

“It’s a digital version of cash that is issued by a central bank, and is a liability against a central bank. The idea is that it’s able to do everything normal money can do. It is supposed to be the digital version of actual paper money,” Work said, explaining the CBDC concept.

“In the cryptocurrency world, we talk about stable coins, a cryptocurrency that is pegged to another currency. It’s almost like the old gold standard, where a bank would issue a certain amount of its own money based on how much gold they held in reserve. So, stable coins are issued with the idea that they are connected to a holding by the issuer.

“People ask if a CBDC is the same as a national cryptocurrency. No, that is not really the case.”

Work talked about how, with Bitcoin, anyone can buy a computer and start mining. This is what people think of when they think of a cryptocurrency.

Especially in their original conception, the idea behind cryptocurrencies was that only a limited amount would be produced.

There was also concern about privacy—an important point when contrasting with what China is doing.

“Genuine privacy has been a priority of people in the cryptocurrency world,” he said. “They want it to be private, they want people to have that privacy. This was seen as a higher value.”

Another difference is that, once it is mined and released, cryptocurrency isn’t controlled by an authority. The PBOC’s digital currency is the complete opposite, he explained. “It has a very centralized production. It has control of supply that will come from the People’s Bank of China. And privacy? No, there will be no privacy. Distribution control will come from the People’s Bank of China. And once it distributes it, the PBOC will still have control. This is something unique in the history of currency and banking.

“This is a piece of software that reports back to the PBOC all the time. If you download it to your phone, anytime the device is connected to the internet, the PBOC will know where it is. And they can retrieve the money or cancel it. If you take your phone, wrap it in tin foil, and stick it in the fridge, then they can’t see it. But, otherwise, it’s a digital currency [that is tracked],” he said.

“Each distinct unit of currency will have its own unique identifier, just like a paper bill has a serial number on it. But the difference is that, if they chose to do so, the PBOC could reach out and take it, or they could light it on fire and burn it in your account in your digital wallet.”

Work said that people often talk about a two-layer system when considering this CBDC. The first layer is the People’s Bank of China, which issues the currency. The second is the distribution, through channels such as China’s major banks, WeChat Pay, Alipay, and other issuers. Those of you who are up on your *Lord of the Rings* mythology know about the One Ring to rule them all. There were a whole bunch of little baby rings for different parties, but the One Ring was the big one,” he said. “The People’s Bank of China, they are the One Ring that will control all the others.”

He also added an important note.

“When you’re dealing with the People’s Bank of China, one of the main things that needs to be understood is that this is not an independent central bank. Much of the Western thinking about independent banks is like if you deal with [South] Korea or Japan—the idea that the central bank has a certain degree of independence and is able to determine monetary policy, regulations, and things with a certain degree of independence, even if they’re appointed by some kind of a central authority. China is not like that.

“There is one China. And in that China—whether it is the people, the government, the central bank, the People’s Liberation Army, the police—it all comes back to the Communist Party.

It could also help curtail shadow banking . . . and be used to fight corruption.

There is this central control, and you need to understand that whatever the People's Bank of China is doing is not serving a theoretical idea of how the economy should be developed. Rather, it is serving the aims of the Communist Party, which equates with the interests of China and the Chinese people. That's important to understand."

WHAT IS IT GOOD FOR?

While there are privacy concerns, there are many potential upsides to a currency that is essentially a piece of software that can be programmed, tracked, and convey information.

At the top of the list is complete visibility of the domestic money supply.

"If you are an economist, and you are thinking about things like the velocity of money, about where money is going, you can control that much better. You can program artificial intelligence to analyze the domestic money supply," Work said.

It might also help ensure that stimulus money is used for its intended purpose. "In China, the central banks get a direction to juice the fortunes of small companies, so they give money to the banks and tell them you must loan this to small companies," Work explained. "But the banks don't; they sit on it. Now, the PBOC can look at it, they can see it, and can say 'Hey! We gave you this money to give to small businesses.'"

It could also help curtail shadow banking, an underground economy of money lenders operating outside the regulatory

system—a problem with which China struggles—and be used to fight corruption, as it would be known if a government official was in possession of the money.

MODEL FOR THE WORLD?

Of course, total visibility and tracking means that the currency could also be used to control dissidents, or as part of China's social credit program, which rewards citizens for behavior deemed good by the government and punishes them for bad. What does this mean for the possibility of China's CBDC becoming a model for the world?

"It will be a model, I think, for authoritarian governments, but in a lot of other places—when people understand what this is—there will be a lot of pushback," Work said. "I can't see people understanding what this is and saying it's okay."

He also pointed out that there's not really any benefit for consumers on the retail level. If rolled out well, consumers won't see a big difference. "It'll just be WeChat Pay, Alipay, and their banks—businesses usual," he said. "So, if you're asking people in other countries, 'Would you like to have this thing?' they'll ask, 'What's in it for me? Oh, nothing, huh? But the government will know what I'm doing everywhere, all the time?' That's not gonna fly.

"This is the shiny new currency. Just like the very pretty One Ring in *The Lord of the Rings*, it glitters and is gold, but is it something you really want?" ■

The announcement of Facebook's Libra currency project spurred thinking not only in Germany and China, but also with central banks around the world—stretching from Lithuania, which already has issued a CBDC, to Japan, which, this year, announced its own CBDC project. This event in October was just the first of an emerging series. The Alternative Investment Committee plans to organize more events around CBDC, digital currencies, and blockchain investments.



PHOTO: MAXTOMAX

The People's Bank of China headquarters in Beijing.

Closing Out Two Decades

ACCJ-Chubu leaders wrap up their terms

By Ray Proper and Michel Weenick

As the Chubu chapter of the American Chamber of Commerce in Japan (ACCJ) reaches its 20th anniversary year, and we wrap up our two-year terms as the chapters representatives on the ACCJ Board of Governors, we would like to share our thoughts on the chapter's first two decades and wishes for the next two.

MICHEL WEENICK (2020 GOVERNOR-CHUBU)

As the first ACCJ-Chubu vice president, my fondest memories of the chapter are some of the earliest. I clearly remember the first trip that Robert Roche and I made to Tokyo to meet with then-ACCJ President Robert Grondine and Executive Director Donald Westmore to discuss merging our American Business Community of Nagoya (ABCN) with the ACCJ to form a Chubu chapter. I will not forget the graciousness of Robert and Don during that first meeting. Their willingness to allow our organization to retain autonomy and our fierce entrepreneurial spirit are the gifts on which the organization has built its history.

I have many other fond memories—too many to list in full—that include:

- Camaraderie among members
- “Nomcommunicating” before that was even a word
- Twenty-four successful Walkathons
- All the Fall Balls
- Business programs
- Tremendous support from the US Consulate in Nagoya

And there is also the commitment of past and current ACCJ presidents and board members to invest their time in Nagoya and open doors for me in Tokyo. It's a simple list on paper, but I remember and cherish the value I gained from each.

Finally, circling back to the Chubu chapter's entrepreneurial spirit, I will never forget some words of wisdom from Robert Roche, spoken as early members were lamenting the difficulties of growing our businesses in the then somewhat-closed business community that was Nagoya. Robert's message was simple: “If we members don't do business with, and support, each other, then who the #@*% else will?” I'd like to believe that has been the unwritten motto of our chapter over the past 20 years, and it serves as a fine foundation for the future.

RAY PROPER (2020 VICE PRESIDENT-CHUBU)

My favorite moment with the ACCJ is the first event that I put on for the Independent Business Committee. I had just joined the chamber—to make connections and push my career in



Whatever that payoff is to you—be it personal growth, building a phenomenal network, finding a job, or building a business—it is here if you are willing to put in the work.



Japan forward—and I suggested an event that was near and dear to me at the time: how to find a job in Japan. The committee agreed and invited me to organize and host it. It was precisely the responsibility and opportunity I wanted, and watching that event come off well—and become a semiannual tradition in our chapter—has been very satisfying.

Since I became a leader, much has changed in the Chubu chapter, and that evolution has continued in my current role as vice president. From the membership itself, our relationship with other chapters, the local community, and the chapter's gravitation away from small business roots towards a more corporate atmosphere, change has created new challenges but has also kept us relevant and respected in this community. Looking ahead, I am excited to see what the future will bring and look forward to being a part of those changes.

KEEP GROWING

To future leaders who will take us through new changes, the best thing you can do is get involved and commit to the organization. Members and leaders alike recognize that commitment and responsibility will follow. The greater the commitment, the greater the responsibility—and from those, excellent opportunities will come. Whatever that payoff is to you—be it personal growth, building a phenomenal network, finding a job,

or building a business—it is here if you are willing to put in the work. The advantages and opportunities of membership increased substantially during the first 20 years of this chapter, and future leaders like you will create even more over the next 20.

The 20th anniversary year we had planned was not to be in 2020, thanks to the pandemic. But, through it all, our members' spirit and enthusiasm have allowed the chapter to survive and thrive. We would like to thank the chapter leaders and members whom we are honored to serve, the broader ACCJ membership, ACCJ President Peter Fitzgerald and the Board of Governors, Chubu Chapter Operations Manager Noriko Kato, ACCJ Executive Director Laura Younger, all the ACCJ staff, and our big brother, the Kansai chapter, as well as *The ACCJ Journal*, which has allowed us to share our Chubu stories with you all over the past year.

Nagoya has changed so much over the past 20 years. Entrepreneurism often is associated with its traditional meaning tied to starting a new business. And even though the chapter has transformed since that original group of new business founders started the ABCN, we believe that the spirit and traits of entrepreneurs—creativity, risk-taking, passion, hard work, vision, and belief—will continue to be cornerstones of the chapter's next 20 years. ■

Ray Proper
ACCJ-Chubu vice president



Michel Weenick
ACCJ-Chubu governor



RULES EASED FOR FOREIGN LAWYERS

Global business boosts Japan's need for legal advice

By C Bryan Jones

For decades, foreign lawyers wishing to practice in Japan have found their hands tied in one way or another. Years of work to encourage change—by the American Chamber of Commerce in Japan (ACCJ), the Gaiben Kyokai (the Foreign Lawyers Association of Japan), and others—coupled with the Japan's evolving needs on the world stage has resulted in changes, several of which took effect earlier this year.

Foreign lawyers had been forbidden to practice in Japan since the early 1950s, with the exception of a number who had come here soon after World War II and were grandfathered in with a special license.

Starting in the 1980s, foreign lawyers working for Japanese law firms were active in pressing Japan to allow them to practice their home-country law. John Kakinuki and Bob Grondine were active in the effort for decades, working to get the Embassy of the United States, Tokyo, and the United States Trade Representative (USTR) to apply government-to-government pressure, as well as from within the Japanese bar associations.



JAMES LAWDEN
Senior counsel
Weerawong Chinnavat & Partners

LEGAL SERVICES COMMITTEE

The ACCJ was involved in many of these efforts. Chris Jacobsen established the Legal Services Committee and, through various eras, has helped guide those efforts through various leadership roles.

In 1987, the initial regime was put into place to open Japan to registered foreign lawyers (*gaiben*), though it included severe restrictions:

- Registration as a *gaiben* required five years' experience in the home jurisdiction
- The foreign firm's name could not be used in the office's name
- Advice on third-country laws could not be given
- Association with Japanese *bengoshi* was prohibited

Notably, the USTR official who negotiated the opening, Glen Fukushima, later became an ACCJ president.

Additional changes were accomplished following energetic lobbying from the likes of the late Grondine and Kakinuki in 1997, when the law was updated to permit *gaiben* firms and *bengoshi* to establish joint enterprises. These were allowed to advise on Japanese legal issues relating to international matters, or those questions involving international clients were involved. The five years' foreign experience was reduced to three years, of which two had to be spent outside Japan, but not necessarily in the home jurisdiction.

This was progress, but it still did not level the playing field. Matters governed by Japanese law are reserved for the *bengoshi*—so Japanese lawyers only—and could not be handled within a joint enterprise, between foreign and Japanese lawyers.

And then there was still the matter of cumbersome naming requirements for joint enterprises.



CATHERINE O'CONNELL
Co-chair
ACCJ Legal Services & IP Committee



SCOTT WARREN
Co-chair
ACCJ Legal Services & IP Committee

GAIBEN KYOKAI

The authorities did not wish a foreign firm's brand name to be used for the *bengoshi* part of the joint enterprise. But a close reading of the rules eventually concluded that there was not, in fact, any such bar. In 1998, when Freshfields Law Office named their local office Freshfields Law Office and the Freshfields Foreign Law Office, the reaction of the Japanese authorities was stark.

James Lawden, who spent 37 years with Freshfields Bruckhaus Deringer—18 years in Tokyo—recounts:

“The response of the Japanese authorities to this move was explosive, and the Nichibenren and the Ministry of Justice (MOJ) crawled all over Freshfields records and the relevant documentation, but in the event could find nothing wrong, even though this was not the result they had intended.”

This moved Charlie Stevens, the Freshfields managing partner at the time, to conclude that *gaiben* needed to organize themselves and create an organization to provide a unified body against

challenges from the regulators. He established an organization called the Gaiben Kyokai, or the Foreign Lawyers Association of Japan.

“Initially, the Kyokai was nothing more than an email list and periodic meetings,” Lawden explained. “Its life was precarious but, starting in 2009, a concerted effort was made to put it onto a more sustainable footing. With the help of a number of lawyers of the time—including Jay Ponazecki, Eric Sedlak, and John Kakinuki—a constitution was adopted. It included provisions for a governing board, annual members' meetings, and up to two co-chairs—ideally one a US lawyer and one a lawyer from another country—to represent all *gaiben*.”

Besides providing another forum to focus foreign lawyers on effectuating change, the Legal Services Committee met regularly with officials from the USTR and the US Department of Justice to keep the major open points active. Interestingly, through these meetings, they learned that *gaiben* administration reform had peaked at number 11 on a list of points to be raised by then-US President George W. Bush.

With a formal organization now in place, the identities of all *gaiben* in Japan was collated and circulation lists were established.

“This led to the Gaiben Kyokai being recognized by the authorities as a reasonably serious trade association, to such an extent that, when the Ministry of Justice and Nichibenren were consulting over the reforms which have resulted in the latest changes to the laws, the Gaiben Kyokai was among the bodies asked to comment,” Lawden said.

The ACCJ Journal asked Eric Sedlak, a partner at K&L Gates, more about the roles that the ACCJ Legal Service Committee and the Gaiben Kyokai played.

Having the additional organization gave us another means by which we could approach the Ministry of Justice, Diet members, and Nichibenren.

“Our positions paralleled those of the ACCJ and the European Business Council,” he said, noting that Lawden had chaired the European Business Council (EBC) Legal Committee at the same time Sedlak had chaired or co-chaired the ACCJ Legal Services Committee. “Having the additional organization gave us another means by which we could approach the Ministry of Justice, Diet members, and Nichibenren. It also added the weight of representing *gaiben* who were not necessarily ACCJ or EBC members.”

MORE PROGRESS

As Japanese commerce grew and the country looked to the future, the Cabinet established in 2001 the Justice System Reform Council. The June 2001 report of that council led the MOJ to establish 12 study commissions to examine the various Reform Council proposals, including one tasked with examining how *bengoshi* and *gaiben* could be allowed to

work together more effectively to the benefit of Japan's economy and society.

Vicki Beyer, then of Morgan Stanley, and Hideo Norikoshi, then of Linklaters, participated in that Internationalization Study Commission, which concluded that *bengoshi* and *gaiben* should be allowed to operate law firms together without any particular restrictions and that *gaiben* should be allowed to employ *bengoshi*.



Bengoshi Kaikan (lawyers' office building) in Tokyo

“There were various interests represented in the study commission’s membership,” Beyer explained. “And, while the *bengoshi* contingent continued to struggle with the idea of closer cooperation between *bengoshi* and *gaiben*, in the end, the business interests represented concluded—as the original Justice System Reform Council had—that the positive effects of such cooperation outweighed the concerns expressed by the *bengoshi*.”

Kakinuki, Sedlak, and Ken Lebrun served on later study groups, and the Legal Services Committee took the step of suggesting members to the MOJ in advance.

Law schools were established, and the ratio of those passing the *shihoshiken* increased from just three percent, which produced roughly 700 new *bengoshi* every year, to about 20 percent.

Also, as part of these reforms it became possible, in 2005, for *bengoshi* to form partnerships with *gaiben* (but not their international firms), and the concept of a *bengoshi hojin* (or *bengoshi* corporation) was introduced, enabling *bengoshi* firms to establish more than one branch.

Interestingly, there was also a growing class of foreign-qualified lawyers who were Japanese nationals or Japanese speakers.

“At a certain level of seniority—and certainly if they were ever going to become partners in the Japanese offices of their firms—they needed to become *gaiben*,” Lawden said. “Otherwise, *bengoshi* could argue that, not being *gaiben*, they were prohibited from engaging in legal practice in Japan.”

This led to pressure in another area that is being revised in this year’s amendments: time practicing abroad.

“The requirement of two years’ experience outside Japan to become qualified as a *gaiben* was a real irritant, as it meant uprooting an associate, and possibly their family, for two years, as well as imposing them on another of the firm’s offices,

which might well not see the benefit,” Lawden explained. “Pushing for change in this area has been a focus since the 2005 reforms in all position papers written for the ACCJ and the European Business Council. The latest reforms have reduced this to one year, which should make the process much more manageable.”

The changes were necessitated by the growing demand for foreign legal services in line with an increase in international business transactions.

The changes were necessitated, the JSD said, by the growing demand for foreign legal services in line with an increase in international business transactions.

“There is a need to develop an infrastructure that will promote

Sedlak noted this as particularly beneficial. “The most positive impact is that non-Japanese firms can hire junior lawyers knowing that they will have to place them for only one year, instead of two, at an office outside Japan. For lawyers joining as midlevels, they can start work in Japan after only one year of practice in the home jurisdiction. This tends to be at an age where they have more flexibility, both personally and professionally.”

UPDATED ACT

In May, the MOJ’s Judicial System Department (JSD) released the Act on the Amendment Part of the Act on Special Measures concerning the Handling of Legal Services by Foreign Lawyers. This followed another consultation process in which the main foreign participants were Lebrun, now of Davis Polk, and Reiko Sakimura of Clifford Chance.

The amendment:

- Expands the scope of foreign counsel representation in international arbitration, such as where governing law is other than Japanese law
- Establishes provisions on representation in international mediation by registered foreign lawyers
- Reduces the required period of overseas experience
- Enables joint corporations comprising *bengoshi* and *gaiben* to be established (to take effect November 2022)

active recourse to international arbitration,” the JSD stated in the document. Japanese and other multinationals prefer to arbitrate in better-established, more flexible arbitration centers, with about 400 cases being filed in Singapore and 260 in Hong Kong in 2018, compared with just 10–20 in Japan.

The basic policy plan for 2019, agreed upon by the Cabinet of then-Prime Minister Shinzo Abe, states: “The government will promote the development of infrastructure towards further activation of international arbitration such as enhancement of the registered foreign lawyer system,” as well as “establish a dispute-settlement infrastructure that includes the prompt amendment of the Foreign Lawyers Act aimed at promoting active recourse to international arbitration, thereby driving overseas expansion by Japanese companies.”

In addition, there was a risk that the finding of a *gaiben* arbiter be challenged in Japan as technically “practicing law.” The new amendment recognizes the scope of matters where a *gaiben* is entitled to participate.

COMPLEX PROCESS

Among members of the American Chamber of Commerce in Japan (ACCJ) Legal Services & IP Committee, this year’s changes are welcome, as they show recognition of the growing



PHOTO: 663HIGH/LAND

The Ministry of Justice eased rules on foreign lawyers in May.



ERIC SEDLAK
ACCJ vice president
Co-chair, External Affairs Advisory Council



VICKI BEYER
Professor of Law
Hitotsubashi University Graduate School of Law

importance of *gaiben*. But they do not represent arrival at a final destination.

Co-chair Scott Warren, a partner at Squire Patton Boggs, explained how hard it is to get a *gaiben* license in Japan.

“I did not get one for the first 25 years of my stay here, as I was holding in-house or managing director roles at legal technology companies,” he said.

“When I joined the law firm, I needed to apply, and the process took nearly a year. One of the things I had to provide was a letter from my old law firm in Los Angeles proving my six years of experience in California. Unfortunately, the firm had dissolved, so I had to dig up the old managing partner for a signature. Fortunately, he was still alive. Otherwise, I am not sure I could have qualified.”

Catherine O’Connell, who co-chairs the committee with Warren and is founder of Catherine O’Connell Law, said her experience was similar.

“Before setting up my practice in 2018, I was in house and had to trace back the partner in New Zealand who supervised my work there for seven years,” she explained. “The firm had gone through multiple mergers since. I found him. He had cancer. Fortunately, he was still alive and was able to provide the verification I needed.”

But the story doesn’t end there. Because of the many mergers, records were not available, so the firm was hesitant to provide the letter.

“It was a stressful time,” she continued. “That last-merged firm still had to give me another letter to evidence the various mergers that had taken place, and they had to link the partner to the earlier firm as they were preparing to do that.

Finally, the pieces of the puzzle were connected enough for the MOJ. This was hard going, but I got there.”

These stories exemplify why change is needed.

Sedlak told *The ACCJ Journal* that the 2020 revisions to *gaiben* law address many of the problems, but not all. “The application process remains too cumbersome, time-consuming, and non-transparent,” he said.

“In Singapore, once the firm is registered, the foreign lawyer registration requires only a visa application, one or two extra documents, and a week to 10 days longer than the visa application. In Japan, a smooth application takes four months and can require two to three centimeters of original documents.”

He said that the Legal Services & IP Committee plans to continue pressing this point with the MOJ, Nichibenren, and members of the Diet.

MORE LAWS IN ENGLISH

In another sign that Japan is getting serious about updating its legal system where *gaiben* are concerned, the MOJ announced

in August that it will update the English translations of the country’s business laws and regulations.

Some 1,070 laws are to be part of the update, including 770 for which translations have already been released and 300 that are currently available only in Japanese. Completion of the project is slated for 2022.

Key laws that will be updated include:

- Companies Act
- Regulation for Enforcement of the Insurance Business Act
- Cabinet Office Order on Disclosure of Corporate Affairs

For historical perspective, only about 200 laws and regulations were available in English in 2009. With four times that number available today—and 300 more being added—Japan is working to make doing business in the country easier for global companies. Doing so is essential for Prime Minister Yoshihide Suga’s push to develop Japan into a global financial hub.

EFFORT PAYS

Looking back at the long road to this year’s revisions, Kakinuki observed: “The system has changed considerably, and for the better. Both Japanese and foreign clients will receive an effective mix of legal services as a result, but many of the recent changes could have been put in place long ago.”

Warren said, “This shows that—although the pace of change can sometimes be painfully slow—through focused and consistent efforts by a dedicated group of people, and associations in support, real and necessary change can be accomplished.” And O’Connell added, “This is a great accomplishment by all those involved and shows that chipping away slowly and steadily brings results.” ■

WANT TO LEARN MORE?

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Venue: JIDRC-Tokyo Toranomon Hills Business Tower 5F

English and Japanese translation will be provided.

Register: <http://bit.ly/gaiben-event>

Hosted by the Ministry of Justice, Japan Federation of Bar Associations, and Japan International Dispute Resolution Center, supported by the ACCJ Legal Services & IP Committee.

READY TO **RECRUIT?**

We take the pulse of the bilingual market amid the ongoing pandemic

By Julian Ryall



Japan has always been a challenging market for the executive recruitment industry, but the coronavirus pandemic has added another level of complexity to both sides of the equation: the specialist agencies that play matchmaker and the companies looking to secure the most capable talent.

Recruiters, not surprisingly, saw business drop steeply in the early months of what, very quickly, devolved into a global health crisis. But now, they say, companies are adapting their operations to the new normal. This includes hiring accomplished staff who will help propel an organization on to bigger and better things.

CHALLENGES AND RESILIENCE

“The immediate impact, during the first few months, came as a bit of surprise to everyone,” admits Eric Cole, president of Cole and Company. “Certain sectors that we cover—advertising agencies, travel industry companies, and retail-oriented businesses—felt the full force of impact, with radically reduced budgets, canceled or postponed contracts, and closures of stores, shops, and other retail outlets.”

But while these companies were facing unprecedented challenges, Cole said he has been very impressed by client companies that have shown “a really admirable level of flexibility and resilience in dealing with the coronavirus crisis.”

Not all have struggled. Consumer-oriented sectors, such as technology providers, digital payment, and ad tech, he said, are seeing strong and rapid growth.

“Companies that make general, daily-use consumer products, while facing challenges, have a degree of immunity from Covid-19. People don’t stop brushing their teeth, or replacing worn-out shoes, or drinking alcohol because of the crisis. Companies that provide these, and many other, consumables still need to develop, manufacture, ship, market, and sell them—and that requires people with high capability to do their jobs effectively.”

COMEBACK

Kevin Naylor, vice president of business development at en world Japan, said March turned out to be a “record month” as companies rushed to close critical roles ahead of the hiring freeze that they realized was inevitable.

That freeze, combined with candidates in employment suddenly getting cold feet about a move to a different company—and the new challenges associated with the remote workplace—began to be felt the following month, he said. About 40 percent of foreign capital clients introduced some degree of restrictions on new hires—although the

total number of permanent positions available from client companies contracted by less than 10 percent year-on-year. The impact on contract hiring was more significant, however, down by about 26 percent from the previous year.

Yet, by the summer, the market was ticking up again, according to Naylor.

“Since the government lifted the emergency order, the market has improved step by step,” he said. “We saw, like many of our clients, a significant bounce back in July.

“August and September were a bit slower but have still shown a gradual upwards trend in the number of job openings available, and in candidates’ willingness to explore career options,” he noted. “The market is still far away from where it was last year, but companies are coming to terms with the need to hire people to help transform their businesses during this dramatic shift to some kind of new normal, both internally and out in the market.”

One measure of appetite for new hires is clients’ interest in interviewing candidates, said Naylor, which bottomed out in the summer at 15 percent below 2019’s figures. It has since recovered and is currently just five percent lower compared with the same period last year.

HEAD WINDS REMAIN

Ryan Yasunari, president and CEO of Envision Co., Ltd., similarly reports a “significant slowdown in the volume of hiring, with a large proportion of our clients freezing headcount almost immediately after the start of the pandemic.”

And while a gradual recovery is already apparent, Yasunari anticipates that business will be slow again next year, as the global economy recovers, which will translate into “job-

seekers experiencing difficulty securing new opportunities as competition for a limited number of positions remains intense.”

“However,” he cautioned, “there are significant headwinds in the long term—particularly associated with the increased prevalence of recruitment solution services, including recruitment process outsourcing and direct sourcing services. Increased job board participation and the introduction of artificial intelligence and recruitment technology also threaten the traditional recruitment agency model.”

Naylor does not feel the pandemic has fundamentally altered the recruitment sector in Japan, but that it has delayed longer-term trends in the global talent market in two ways.

Japan “suffers a chronic talent shortage.”
And that can be an opportunity.



ERIC COLE
President
Cole and Company

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KEVIN NAYLOR
Vice president of business development
in world Japan



RYAN YASUNARI
President and CEO
Envision Co., Ltd.

Hiring Shifts Due to Covid-19



About **40 percent** of
foreign capital clients
restricted hiring.



Permanent
positions dropped by
less than **10 percent**.



Contract hiring
dropped by about
26 percent.



Some **90 percent** of
companies are conducting
interviews remotely.

“First, the aging population here in Japan has been shrinking the workforce for a long time already,” he pointed out.

“Second, corporate Japan made a dramatic swing from active global engagement and expansion during the bubble period to a more conservative and internally focused approach in the 20 years that followed. This resulted in fewer Japanese studying and working abroad, sponsored by large Japanese companies, which also gave the appearance of a weakened demand for global skills,” he added. “These two factors combined have resulted in a very small pool of global talent.”

In the past five years, however, an increasing number of Japanese corporates have turned their focus outwards once more, putting extra strain on that small pool of global talent as they go looking for the bilingual and bicultural resources that they have not developed internally.

CHANGING PROCESS

There have been other changes, said Yuko Yogo, vice-chair of the American Chamber of Commerce in Japan Human Resource Management Committee.

“Certainly, the pandemic has changed the way we interview people—we’re learning that online interviews are easier to set up, speed up the interview process, and get us the insight we need, although an eventual face-to-face is still desired for a final decision,” she said. “People hired this year are experiencing a different onboarding process than before Covid-19,” she added. “We suspect that those who have joined this year may feel less attachment to their company, as contact with their colleagues, direct reports, and bosses is only through online tools.

“We also notice that people who are concerned about the personal health ramifications of Covid-19 may be thinking more about what is important to them personally, the type of work they want to do, or the type of company they want to work for.”

Jeremy Sampson, managing director of Robert Walters Japan K.K., agrees that companies have been quick to switch to remote interviews and onboarding. A company survey conducted in May revealed that fully 90 percent of companies are carrying out interviews remotely.

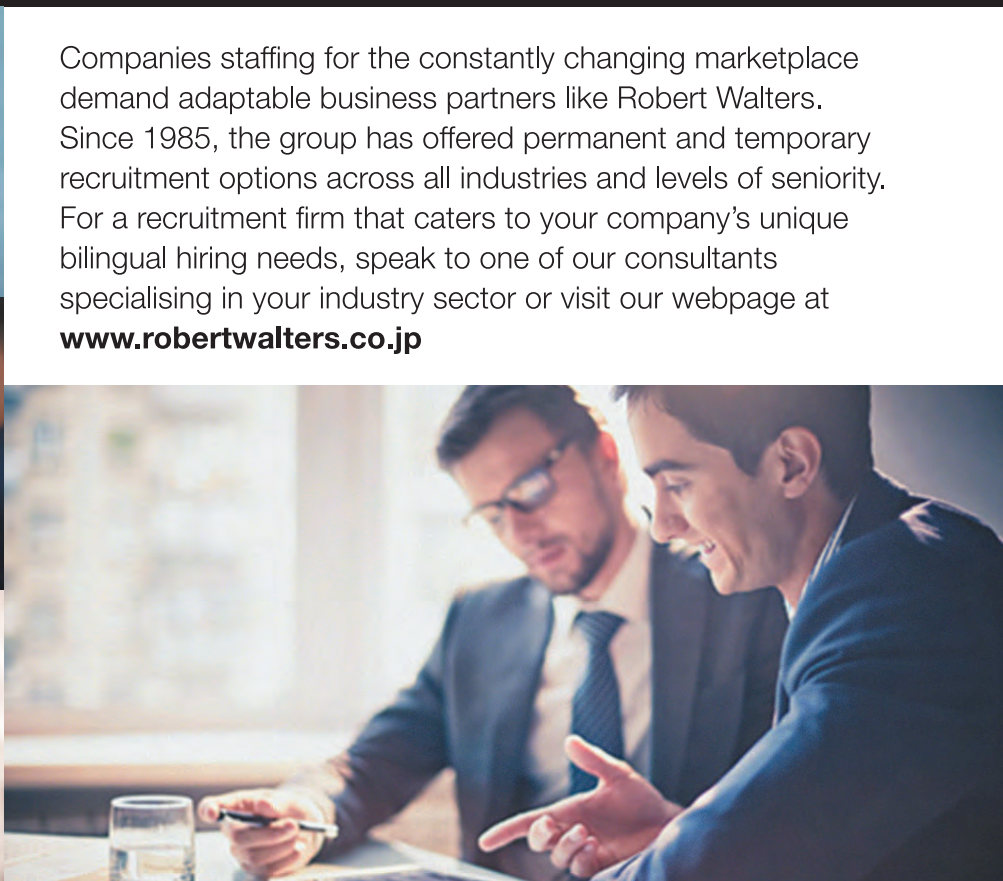
He said that there is still demand in certain sectors. “Covid-19 has opened new opportunities for businesses in technology, e-commerce, and healthcare. We have seen an increased demand for services that support remote working environments and online education as a result of rapid adoption of digital tools.

“The digital and technology sectors have always experienced a shortage of highly skilled professionals, and with increased digitalization it is likely that demand will only grow stronger,” he said, adding that the need for bilingual professionals and highly skilled talent across industries “will continue even in the post-Covid-19 era.”



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Online interviews have become the norm, and are proving effective.

SUPPLY AND DEMAND

The bottom line, Sampson said, is that Japan “suffers a chronic talent shortage.” And that can be an opportunity.

“Organizations that understand the pandemic is temporary are shaping their recruitment strategies based on their long-term hiring needs,” he emphasized. “Businesses in industries that are experiencing particularly acute talent shortages are seizing the opportunity by actively hiring when the competition for talent is not as tight.

“Japan continues to be one of the most challenging markets in which to secure talent,” he said, pointing to a mismatch between supply and demand for talent that is further exacerbated by demographic trends—an aging population combined with a low birthrate that translates into a shrinking workforce.

While the pandemic may have affected recruitment trends in the short term . . . the demand for highly skilled, bilingual professionals remains unchanged.

The jobs-to-applicants ratio in Japan remains among the highest in the world, and for roles that require bilingual specialists this ratio is even higher, experts point out. And while the pandemic may have affected recruitment trends in the short term, they

say, the demand for highly skilled, bilingual professionals remains unchanged.

“There are still many companies who are seeking to hire talented, effective individuals to manage and lead organizations,” said

Cole. “We expect the demand to remain fairly constant. Overall, I would say that the outlook has gone from a pre-Covid ‘great’ to a mid-Covid ‘good,’ with pockets of great.

“There may be a slightly more conservative approach to the recruitment process, to ensure that the right person is chosen for the role, but the demand is there.” ■



YUKO YOGO
Vice-chair, ACCJ Human Resource
Management Committee



JEREMY SAMPSON
Managing director
Robert Walters Japan K.K.



Redefining Hiring Success through Disruptive Innovation

By Julian Ryall

The recruitment industry in Japan has largely adhered to the tried-and-trusted approaches that have served permanent placement agencies well for decades. But at a time of massive structural change in the traditional workplace—in Japan and around the world—an alternative model has emerged that works more closely with the employer to ensure that the perfect candidate is identified and, ultimately, hired.

Known as recruitment process outsourcing (RPO), the concept has been applied with great success in North America and Europe for many years, reducing companies' reliance on traditional recruitment agencies. In Japan, however, RPO has only been practiced for about a decade—and only by a limited number of companies. Adoption is growing, however, as some of the biggest organizations in the world—from multinational banks to major tech players—recognize the value.

Ryan Yasunari, president and chief executive officer of Tokyo-based Envision Co., Ltd., believes RPO offers a number of clear advantages to employers looking to land the most capable talent. *The ACCJ Journal* spoke to him to learn more about the concept.

What is RPO and how does it differ from conventional recruitment methods?

RPO is the partial or full outsourcing of a company's recruitment to a third party to reduce recruitment costs, improve efficiency in the hiring process and the quality of people being hired, and boost scalability. This means that, while traditional recruiters effectively work as a middleman between an employer and a new member of staff—and are typically driven by completing a transaction and moving on to the next candidate—RPO is embedded within a company and works exclusively for them to secure the best people.

What are the benefits?

If an RPO is fully integrated and aligned with the client company, then it has a far better understanding of the sort of candidates who would work best in that environment, those who are the best "fit." The RPO is better positioned as a seamless partner to the business and effectively acts as an extension of the internal recruitment function.

Are there different types of RPO?

End-to-end RPO covers the entire hiring process—from sourcing through screening, assessing candidates, scheduling interviews, onboarding new talent, monitoring compliance, and carrying out exit interviews. Project or on-demand RPO is designed to manage parts of the hiring process to quickly fill a specific hiring need, often on short notice.

Where is the RPO approach used?

It has been around in the United States and Europe for a couple of decades but has really caught on in the past 15 years or so. In fact, a growing majority of companies in the United States have gone nearly 100-percent free of recruitment agency placements altogether. All the big companies have adopted it, from finance to tech to manufacturing, automotive, retail, and all the other sectors with which recruitment agencies traditionally work.

In your experience, do employers like RPO?

Definitely. They like the flexibility that it gives them, they like that it is tailored very precisely to their recruitment needs and volume of hiring, and they like that it is highly scalable, which is very important to small and medium-sized enterprises. Companies also do not have to worry about any hiring downtime when their full-time corporate recruiters suddenly decide to leave.

They also like that RPOs can work with them when they need to downsize their teams, such as during a market shift or the pandemic that we are experiencing now. From our perspective, I would like them to think of us as a partner that can help them get through those hard times—although we would clearly be far happier flexing up with them as they grow.

Surely this boutique approach comes at a higher cost?

The primary benefit of an RPO is the superior results, in terms of personnel, for the company that is hiring. But, yes, Japan has some of the highest placement fees in the world, with costs generally starting at around 35 percent of annual compensation and rising to 100 percent in some industries. With potential earnings like that, it is no surprise that traditional recruitment agencies are reluctant to introduce an alternative that is less lucrative to them.

An RPO solution is typically management fee-based, meaning that the recruiter is far more interested in delivering the most appropriate candidate than making a quick “sale” that may not be in the best interests of the hiring company. Over the past six years, I estimate that we have saved our clients millions of dollars in placement fees—meaning our service more than pays for itself.

Why has the concept not caught on in Japan previously?

That’s a delicate question but, generally, a lot of companies in Japan are still resistant to change. Many are hesitant to drop old and outdated methods of recruitment when they

really would be better served by a different approach, as we have seen in the United States. Also, companies here are typically very reliant on temporary staff rather than hiring people on full-time contracts, because Japanese labor law makes it extremely difficult to let go of employees who are not needed or are underperforming.

Is the coronavirus impacting hiring practices?

I believe the pandemic may well serve as the tipping point for RPO. Employers are having to look at new solutions, things they have not tried in the past, to break away from the traditional models. A lot of companies are having to reorganize their talent, some are going to have to rebuild—including some, unfortunately, that must do so essentially from scratch. They have to pause and ask themselves if they really want to go back to the old way of doing things. I really think this is the chance to explore the alternatives.

How can you get the benefits of RPO across to employers?

It’s all about communication, and a sense of trust that has to be built up with your partners. We work very closely with senior leadership at our client companies to make sure they understand a recruitment landscape that is constantly changing and evolving, helping them to identify the most appropriate solutions for their situations. Our goal is to make sure that the companies with which we work not only hit but exceed their hiring objectives.

And why is it critical to get the right hires?

Japan has always been a candidate-short market, where global clients and, post-Lehman, domestic Japanese companies actively seek bilingual, internationally experienced professionals. As companies continue to grow, the high demands for skilled professionals, combined with the passivity of jobseekers, makes hiring very difficult. And that is truer now than ever. Top-tier talent is the key to making it through this challenging time, and a strong team of high performers has never been more important.

With what sectors does Envision work?

We cannot name names, of course, but we have partnered with the largest tech consulting company in the world, European luxury fashion companies that are known around the globe, media and advertising agencies, top-tier European life insurance companies, and others in the retail and automotive sectors. ■



Ryan Yasunari (left) with Senior Executive Advisor Kazuo Takahashi

Originally from Honolulu, Hawaii, Ryan Yasunari is a fourth-generation Japanese-American. After relocating to Japan in 1999, he spent nearly 20 years in recruitment, with a background in executive search and corporate HR. Yasunari, aged 46, set up Envision Co., Ltd. in 2014 to meet the “ongoing need for great human resources services and top-tier HR professionals.” Confident in the ability of RPO to deliver results, he is now focused solely on delivering this solution to clients looking for a partner to help increase their hiring performance.



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THE SHOW MUST GO ON

Large events go virtual to help others

By Malcolm Foster

As social distancing remains a necessity, organizers of major fundraising and networking events that normally bring together large groups of people are having to adapt and dramatically rethink their approach and logistics.

Such events include galas, conferences, bike rides, and walkathons. Some leaders initially considered scrapping their 2020 editions entirely, but all five contacted by *The ACCJ Journal* said they are pressing ahead with—or have already held—mostly virtual experiences. They came to the decision because they believe maintaining the tradition and connecting people—even if at a distance—is important at a time when so many of us are feeling more isolated.

“These types of events have enough value that something needs to be done,” said Erin Sakakibara, chair of the American Chamber of Commerce in Japan (ACCJ) Chubu chapter’s Community Service Committee. She leads the ACCJ/NIS Chubu Walkathon, which was held in Nagoya on May 24. “These events become part of the fabric of the community, so having a virtual event—although not the ideal choice—is important for continuity.” That sentiment was echoed by this year’s Walkathon tagline, “The show must go on!”

PROS AND CONS

But this can’t be done without a lot of extra work—the main downside cited by all organizers. Yuka Nakamura, vice-chair of the ACCJ-Kansai Diversity & Inclusion (D&I) Committee, estimates she’s invested more than twice as much time and energy as last year in helping coordinate the D&I Summit.



ERIN SAKAKIBARA
Chair
ACCJ-Chubu Community
Service Committee



YUKA NAKAMURA
Vice-chair
ACCJ-Kansai Diversity and
Inclusion Committee

Fearing that participants would have trouble staying focused and motivated for six hours on Webex, she and fellow organizers have broken the event that previously took place as a large all-day gathering, as the Women in Business (WIB) Summit, into three two-hour seminars on successive Wednesdays—October 21, 28, and November 5.

The approach may make the experience easier on attendees, but it

has meant finding three keynote speakers instead of one, as well as additional leaders for the plenary and breakout sessions. Figuring out the logistics of filming and broadcasting the speeches, and how to handle Q&As and smaller group discussions, has also required innovative thinking. “It’s been a lot of work,” Nakamura said.

Ultimately, after intense debate over three months, the D&I Summit organizing team decided to hold the event mostly for philosophical reasons—because doing so would benefit participants. “We thought people need more diversity and inclusion to live in a post-Covid life,” said Nakamura. “Managing business in an inclusive way online is harder than doing it face-to-face.” Modeling and addressing that through the event was important.

The lack of personal interaction is obviously another negative. Networking opportunities were a big draw for participants at past WIB Summits, but this year that won’t be possible. However, enthusiasm and participation for this year’s seminar is the highest ever, with about 320 people registered so far—much higher than last year’s 224, Nakamura said.

Maintaining the tradition and connecting people—even if at a distance—is important at a time when so many of us are feeling more isolated.

She attributes the increase to a wider recognition among participants about the importance of diversity and inclusion in the new remote work style, that three two-hour online sessions are easier to join than a six-hour gathering and appealing speakers and programs each day.

There have been other positives, such as lower costs and overheads, with no need to rent space or provide refresh-

ments. So that’s less work and, for fundraisers, means more money to give away.

The events can also draw from a geographically wider scope of participants, who can join from anywhere in the world.

“We don’t need to think about a location,” said Nakamura. “Before, the audience and speakers had to come to Kansai. But now it’s a virtual event, so people from Tokyo, Hokkaido, or Kyushu can join.”

ONLINE FESTIVAL

One of the earliest case studies that showed how large-scale annual events can still be successfully staged amid the pandemic was the Chubu Walkathon. The event, which has morphed in recent years into an outdoor festival with food and drink stands, as well as musicians performing on a stage, was converted into a broadcast on Facebook that included live and recorded entertainment, people popping in to talk, and live commentary by two emcees alternating between English and Japanese.



The ACCJ Charity Ball, normally a huge group gathering, is going online this year.



ROB WILLIAMS
Chair and co-founder
Knights in White Lycra



TOM WHITSON
Chair
Japan Market Expansion Competition
ACCJ president emeritus

People were encouraged to walk on their own and share the number of steps they took, and to post videos or photos on social media with the hashtag #Walkathon29. Prizes were given to those who walked the farthest. At any given time, more than 100 people were watching the event unfold, Sakakibara said, and the recording went on to have several thousand views. The event was truly global as well, with participants joining from the United States and elsewhere.

Through T-shirt sales and online donations, the 2020 Walkathon raised ¥6 million—the same as last year—for children’s homes in the Nagoya area and other charities.

“It somehow worked,” said Sakakibara, who is also development coordinator at Nagoya International School, co-organizer of the event. “It went off without a hitch.”

Overcoming the challenges and obstacles—not letting Covid-19 defeat them—infused the Walkathon Executive Committee with an invigorating feeling of camaraderie and accomplishment—something others mentioned as well. “When it was done, there was this feeling of ‘We did this, we didn’t let coronavirus stop the show,’” Sakakibara said. “And we got a lot of really good feedback. It was a great feeling.”

GOBSMACKED

The Knights in White Lycra (KIWL), a fundraising group that counts a number of ACCJ members among its peloton, has also had to alter its events but has found participants enthusiastic. Formed in 2012 to raise money for children affected by the Great East Japan Earthquake and Tsunami of March 11, 2011, the group now supports a variety of charities for children.

Rob Williams, the group’s chairman and co-founder, said he’s been “gobsmacked” by the positive response from cyclists who agreed to switch from the traditional group ride up north to riding 500 kilometers on their own, or in small groups.

No need to rent space or provide refreshments . . . means more money to give away.

Of the 42 riders who had signed up for the ride, 35 are putting in kilometers on their own. Each is paying ¥5,000 to participate, and all that money goes to the charity YouMeWe, which supports children’s homes across Japan by teaching kids digital skills.

“The riders are obviously very happy to be challenged to do something on a virtual basis,” said Williams, a partner at financial planning company AP Advisers Ltd. “I think this virtual cycle ride is going to stick, in addition to the main in-person ride.”

KIWL also had to adjust its annual 50-kilometer fundraising run up the Arakawa River in eastern Tokyo. Participants are being asked to run that distance on their own during November.

The group also has held pub quizzes to raise money and hopes to do another online by Christmas.

The main drawback of doing the run individually is that participants won’t be able to visit a children’s home in Saitama Prefecture at the

end. Normally, they join a party there with the kids. “That’s the connection we’re going to miss by going virtual,” Williams said.

HYBRID

The annual Japan Market Expansion Competition (JMEC), a seven-month training program that gives participants an opportunity to write an actual business plan for a real-world client, went hybrid as Covid-19 struck in March—participants could attend lectures in person or interact remotely online—and will resume that choice for the next program.

The program normally attracts 50–60 participants, but the number attending lectures in person will be limited to about 30, and they must pass a temperature screening, wear a mask, and sit spaced out across a large room, said JMEC Chair Tom Whitson, who is an ACCJ president emeritus. “We don’t want to kill anybody. We want to offer some alternatives, but we’re going to try to do things sensibly.”



The Walkathon combined real-world and virtual activities.



Knights in White Lycra



This year's JMEC began before the pandemic and ended with a virtual gala.



The program, which in recent years has drawn participants from more than a dozen countries, starts in November with Saturday full-day lectures and workshops given by experienced business executives. These sessions will run through April. In January, participants will be divided into teams of four to six and given an actual product for which they must devise a business plan for the Japanese market. The teams will pitch their plans to a panel of judges in May and awards will be announced in June.

It will be up to each team to figure out how they will communicate and work together on their projects—either by meeting in person or through video calls, Whitson said.

Participation in the competition may decline, although, historically, interest in the program has usually risen “when people are concerned about their continued employment prospects,” Whitson said. “This year, the circumstances about your continued employment is certainly high, and I would expect more interest in JMEC because of that.”

WELCOME TO REMOTE PARADISE

Perhaps the biggest fundraising event on the ACCJ's calendar is the annual Charity Ball (page 15), which will be held this year on December 5. Transforming what is normally an evening extravaganza of food, drink, dance, and networking into a two-hour virtual event has been a major undertaking for Charity Ball Committee Vice-chairs Lori Hewlett and Kevin Naylor, and Chair Barbara Hancock.

“The team has known how to put this together year in and year out, so we've become fairly efficient at it. But this is the first time I've ever done it virtually, so there are new challenges,” said Hancock, who has led the committee for 12 years. “We're reinventing fun every day.”

The program is all taking shape in the cloud, inspired by the theme Welcome to Remote Paradise. The goal is to create an online experience that will be a mixture of live and pre-created segments—entertainment from musicians and perhaps some

comedians, messages from our president and other VIPs, a silent auction, and a live raffle, all hosted by moderators in a virtual studio.

“It will be more of a *Saturday Night Live* format,” Hancock explained, referring to the legendary television variety show that has aired in the United States since 1975. “Kind of a comedy routine with a couple of emcees, and then we break away for our different entertainers throughout the evening. “We are putting all our energy into realizing the new normal for social engagement.”

Arranging the music for the gala is a daunting challenge. Live streaming from various locations is too expensive and difficult, so the team must find a location where the musicians can record, mix, and edit the performances to be broadcast online during the ball.

Working out all these challenges is where the 2020 ACCJ Charity Ball will be charting new territory to raise funds to help the community while also embracing the chamber's growing digital focus.

SUPPORTING ROLE

In addition to assisting charities such as English counseling service TELL and Second Harvest, which provides food for the homeless, one of the Charity Ball's key goals this year is to help local restaurants and musicians who have had long relationships with the ACCJ and have suffered during the pandemic. “Many musicians haven't been able to do anything because of Covid-19,” Hancock said. “So, we want to support them.”

Without a physical event that requires catering, organizers will promote menus from the restaurants that would normally be supporting the Charity Ball—including Soul Food House and Bistro Vino—and encouraging participants to order food from them on the night of the ball.

For attendees, a perk of the reduced overhead is that the cost of admission this year is just ¥2,500 for members and ¥3,000 for non-members—a fraction of last year's ¥28,000. Hancock hopes to draw about the same number of guests as in past years, about 350, and that it can raise at least ¥5–6 million.

“Our focus is raising funds for our charities, and supporting these local restaurants and entertainers who have helped us through the years in so many ways,” she said. “And to be able to have a two-hour show that may not be entirely perfect, but will leave people saying, “That was kind of fun!”” ■



BARBARA HANCOCK
Chair
ACCJ Charity Ball Committee

Giant Steps

D-Wave's quantum computing powers business solutions



For most people, quantum mechanics is still something that exists in a theoretical realm: its laws are not those of classical physics, particles can be influenced by the simple act of observation, and many of its most basic principles seem entirely counterintuitive.

But, in fact, quantum effects come into play in our daily lives much more often than we realize. GPS is one example. The technology we rely on to get around town is made possible by signals from a network of satellites, each containing an array of atomic clocks that are driven by forces described by quantum mechanics. And the influence of the quantum world plays out in many other ways.

One company that continues to demonstrate how technology harnessing quantum mechanics can develop—and improve—real-world solutions is D-Wave Systems. Founded in 1999 in Burnaby, British Columbia, the company—now staffed by a team of about 170—has pioneered approaches in commercially available quantum computers.

ZERO, ONE, OR BOTH?

To make computation faster, quantum computers function differently from conventional computers. Instead of storing information in bits represented by zeros or ones, quantum computers use quantum bits, or qubits, to encode information as one or the other—or both—at the same time. This superposition of states, along with other quantum effects, allows quantum computers to consider and manipulate many possible combinations of bits simultaneously.

D-Wave's computers work by a process called quantum annealing, which harnesses the natural tendency of real-world quantum systems to find the lowest energy states. Using a geographic analogy, if finding the ideal solution to a problem is like finding the lowest point in an area covered by mountains and valleys, classical computing only allows you to walk across the landscape. Quantum annealing, on the other hand, uses quantum effects to tunnel through the landscape until you reach the lowest point—a much faster journey. The best solution to a quantum computing problem is the one with the lowest energy: using our analogy, this corresponds to the lowest point in the deepest valley in the landscape.

Annealing, in its original sense, is heating metal above a critical temperature until its properties change, and it takes on new structures. The metal is then carefully cooled, but

keeps its newly obtained properties. Quantum annealing works by setting the computer's quantum processing unit (QPU) into a ground state of a known problem and annealing the system toward the problem to be solved. This allows it to remain in a low energy state throughout the process. At the end of the computation, each qubit ends up as either a zero or a one. This final state is the optimal or near-optimal solution to the problem.

These effects allow for computational speeds potentially tens of millions of times faster than classical computing. However, because of the sensitivity of these computers to very fine physical influences, the QPU—a chip about the size of a thumbnail—at the heart of a D-Wave computer needs to be kept under highly controlled conditions. It is housed at a temperature of 0.015 Kelvin—175 times colder than interstellar space—and is shielded to 50,000 times less than Earth's magnetic field. It is also kept in a high vacuum—the pressure inside the QPU is 10 billion times lower than atmospheric pressure. Despite these requirements, the computers are actually quite power efficient; most of the energy goes into maintaining the low temperature, and the computers consume less than 25 kilowatts.

QUANTUM COMPUTING FOR ALL

D-Wave brought their first quantum computer to market in 2010, and rapidly began building a customer base. One of their computers measures about 10x7x10 feet, so significant space is required.

While some of D-Wave's early customers have their own units—including the USC-Lockheed Martin Quantum Computing Center and the National Aeronautics and Space Administration's Ames Research Center—most customers today access D-Wave's live, real-time quantum computers and hybrid quantum/classical solvers via the Leap quantum cloud service, introduced in 2018. Customers can reserve time on quantum computers housed at D-Wave.

To use the computers, customers write their programs using a software development kit called Ocean. They then send these programs to D-Wave by way of the Leap quantum cloud

Advantage, a quantum computer designed entirely for business applications . . . allows business customers to solve larger and far more complex problems.

service—a real-time quantum cloud access and quantum application environment. In addition to quantum computing access and hybrid quantum/classical solvers, the platform offers open source tools and templates, community support, programming models, and online training and resources. It also features a built-in “problem inspector” function that lets more advanced users fine-tune their programs.

Using Ocean and Leap, more than 250 early quantum applications have been developed by users and client companies. These include tools for researching quantum molecular dynamics, assessing new cancer drug efficacy, protein modeling, and portfolio optimization, as well as performing image recognition, optimizing internet ad placement, studying traffic patterns, and detecting faults in circuits.

MAJOR LEAP FOR BUSINESS

To bring customers and researchers up to speed with the latest developments, D-Wave has been holding the Qubits Conference for the past six years. Initially quite a small gathering, it has since grown to include presentations by D-Wave’s leaders as well as reports from businesses showcasing in-production quantum applications and researchers regarding how they have used quantum computing to solve problems.

This year, the conference was held virtually at the end of September. As Jennifer Houston, senior vice president of global marketing and public affairs explained: “We had over 50 talks at the event featuring partners, customers, and users of the system from all around the world. There was an overwhelmingly positive response from attendees about the diversity, quality, and number of talks, and the ability to connect with others involved in quantum computing.”

There were also several exciting developments to share.

The first was the announcement of Advantage™, a quantum computer designed entirely for business applications. Advantage boasts more than 5,000 qubits—twice the number of previous D-Wave computers—and 2.5 times the connectivity between those qubits. This raw power allows business customers to solve larger and far more complex problems.

Houston explained that Advantage was a direct product of D-Wave listening closely to its users: “Customer feedback is at the heart of decision-making at D-Wave. In fact, delivering on business value through the eyes of our users made us rethink our entire engineering process. The Advantage quantum system was completely redesigned to be faster, more efficient, and to solve larger problems—design elements that businesses care about. We designed and built Advantage with two decades of customer feedback in mind.”

Houston added: “As the most connected commercial quantum computer in the world, Advantage allows customers to solve far larger, more complex real-world problems. We invested hundreds of thousands of people hours to build the system.”

Along with this upgraded hardware, D-Wave announced that a hybrid solver service that runs inside Leap has been updated. Previously, this service could handle a maximum of 10,000 variables. The updated version can handle as many as one million—a perfect fit for the kinds of real-world problems that businesses want to solve.



Jennifer Houston, senior vice president of global marketing and public affairs

Two businesses that worked with the computer in its beta stages show how companies can harness the power of Advantage:

- Western Canadian grocery retailer Save-On-Foods is using hybrid quantum algorithms run on the Advantage system to bring grocery optimization solutions to their business. Save-On-Foods was able to reduce the time it took to solve a problem from 25 hours a week to under two minutes by using the hybrid solver service in Leap.
- Global professional services consultancy Accenture has conducted business experiments with a banking client to pilot quantum applications for currency arbitrage, credit scoring, and trading optimization.

Houston pointed out that there is strong interest from businesses in utilizing quantum computing solutions: “D-Wave recently conducted a survey with 451 Research which found that, while 39 percent of surveyed enterprises are already experimenting with quantum computing, a staggering 81 percent have use cases in mind for the next three years. High on the agenda for critical business benefits via quantum are increased efficiency and improved profitability, followed closely by improved processes, productivity, revenue, and a faster time to market for new products.”

For businesses who might be curious about how quantum computing can help them solve real-world problems, the company has initiated a new program: D-Wave Launch. This jump-start program brings together a team of applications experts and D-Wave partners to help businesses identify ideal business uses and translate their problems into quantum applications.

These latest developments make it even clearer that quantum computing—far from being the stuff of science fiction—is ready to help businesses around the world innovate and thrive. ■

www.dwavesys.com

Download D-Wave’s Head Start Kit





NIKKEI Asia

RENEWABLE FUTURE

Suga administration outlines plans for a greener Japan

The Japanese government has pledged to reduce greenhouse-gas emissions to net zero by 2050, and the new target, unveiled by Prime Minister Yoshihide Suga in his first policy speech to the Diet on October 26, means Japan will finally catch up to the European Union (EU), which set the same goal last year.

Companies in industries such as electric power, automobiles, and steel will be expected to take strict measures to meet the international promise.

The government plans to put together concrete measures such as promoting renewable energy after Suga announced the net zero emission target in his first general policy address to the Diet since taking office last month.

In 2050, the total amount of emissions of greenhouse gases such as carbon dioxide, and the amount absorbed in forests and by other natural processes, will be reduced to zero.

In the past, the government has explained that it will reduce emissions by 80 percent by 2050, and that it will be virtually zero as early as possible in the second half of this century. The lack of a clear timeline has been criticized for being vague, and the government reluctant to deal with environmental problems.

The new target is the same as that already set by the EU. The Paris Agreement, an international framework for the prevention of global warming, has set a goal of “controlling the temperature rise from before the Industrial Revolution to within 1.5 degrees Celsius.”

To achieve the goal, the UK, France, and Germany have decided to abolish coal-fired power plants, which emit a large amount of greenhouse gases. Japan will revise its basic energy plan in the summer of 2021, but it is likely that a major revision will be required to meet the new target.

The current plan stipulates that, by fiscal year 2030, nuclear power generation will account for 20–22 percent of Japan’s electricity needs, renewable energy such as solar power and wind power will make up 22–24 percent, while 56 percent will come from thermal power generation, such as coal and liquefied natural gas.

KONO VOWS TO EASE RULES TO SPUR RENEWABLES

Taro Kono, Japan's minister for administrative reform and regulatory reform, said that he will ease regulations to increase locations where wind and solar power can be developed to encourage private investment and achieve the government's goal of enhancing renewable energy.

"I want to apply [administrative reforms] that would lead to economic growth," Kono said in an online interview with *Nikkei* on October 16, specifically pointing out restrictions on the renewable energy sector. It was Kono's first online interview with reporters since assuming the post in September.

Referring to a *Nikkei* survey of Japanese company presidents, he said that cutting red-tape bureaucracy in the renewable energy sector is one of the major things the business community expects the government to improve.

The government currently aims to make renewable energy its "main power source," but "[they] cannot make investments because there are too many restrictions," Kono said of companies. He also said that he had directed the ministries involved in the decision-making process to sort out the issues, with amending laws and easing regulations in mind.

Efforts to build solar panels on deserted farmland have been hampered by laws such as the Cropland Act and the Act on Establishment of Agricultural Promotion Regions, which restrict land use.

Many coastlines and ports suitable for developing wind power are either government-owned or public lands. The government will consider revising regulations to make it easier to obtain permission to use such space. If it becomes easier for companies to secure land, the overall cost of producing energy can be reduced, leading to a boost in renewable energy investments.

Also, the business community has been requesting that restrictions on foreign-flagged ships to transport offshore wind power components in Japan be eased.

Areas for developing offshore wind power are limited to those designated by the government, meaning that, even if there are promising locations in which companies want to invest, development cannot happen without the government's green light. In other words, they can only invest in renewables by bidding for the few opportunities available on the country's coastline.

Transmission lines have also been a bottleneck in developing renewables. Nuclear energy and coal-fueled power plants are given priority access to them, according to government policy. Thus, even if renewables increase, limited access to the lines restricts their availability.

In fiscal 2018, renewable energy accounted for 17 percent of Japan's power generation, lower than the 30 percent in Europe. The country does not have many locations suitable for solar and wind power, due to its vast mountainous areas.

Renewable energy will continue to be positioned as the "major power source" in the government's next strategic energy plan, which will be announced in 2021, as the government's aims to generate 22–24 percent of power through renewables by fiscal 2030.



The Japan Association of Corporate Executives, or Keizai Doyukai, which is a powerful business lobby, made a recommendation to raise the target of renewable energy to 40 percent in July. Red-tape procedures, such as licensing paperwork and environmental impact assessments of land use, have made investment decisions difficult for the business community.

In Southeast Asian countries such as Singapore, governments have accelerated deregulation to develop new technologies. Kono said Japan is lagging behind in enhancing the use of drones and self-driving cars nationwide, adding, "It is a problem that Japan cannot become the frontrunner [in these areas] because of regulations." Currently, in Japan's special economic zones, experimental use of drones and self-driving cars is deregulated. But, Kono said, "It doesn't make sense to do this just in special economic zones forever. I am preparing to review this."

He also vowed to spearhead the government's digitization efforts. "Technology is advancing," he said. "I hope more people can take advantage of these opportunities."

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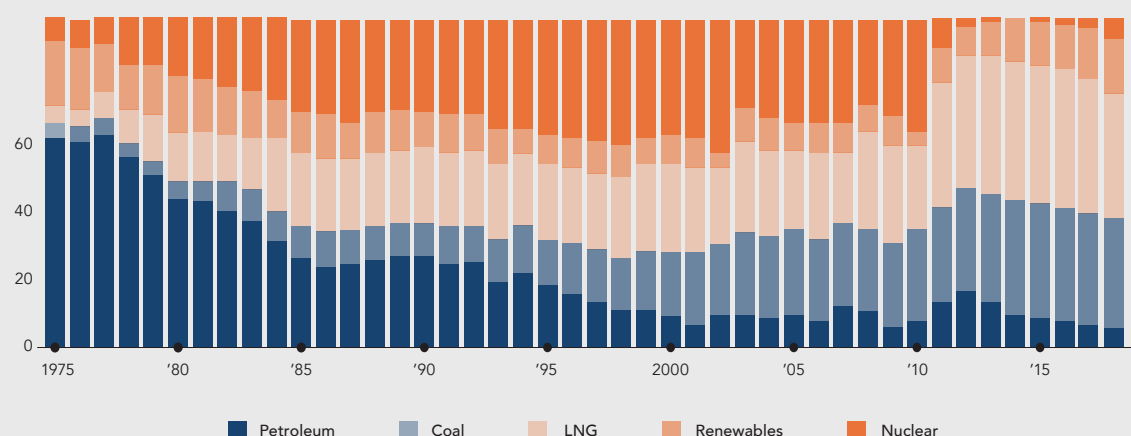
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Share of Japan's Electricity Generation by Energy Source (in percent)



KAJIYAMA VOWS TO INCREASE OFFSHORE WIND, FUND BATTERY DEVELOPMENT

Hiroshi Kajiyama, Japan's economy minister, said he wants to make renewable energy a "major power source" for the country and give it "a higher share" of electricity generated, in an interview with *Nikkei Asia* on October 13.

Kajiyama said he will "raise the share [of renewable energy] without setting an upper limit."

Japan includes hydropower in the renewable energy category, but most of the growth is expected to come from wind and solar power.

To foster the development of renewable energy, Kajiyama mentioned the possibility of devoting a larger slice of the budget to research on advanced battery storage technology and offshore wind power, which has great potential in Japan as an archipelago.

He told *Nikkei* that the government plans to have 10,000 megawatts of offshore wind generating capacity by 2030.

The variability and higher cost of wind and solar power are major challenges for their development in Japan. To address these issues, Kajiyama said the government will consider financially supporting research and development of battery storage technology and solar panels.

For companies, "it is important to enhance the predictability" of the government's energy policy, Kajiyama added. He pledged to clarify the government's policy goals so the electric power industry can make investment decisions on power plants.

Regarding nuclear energy, Kajiyama said he would "do his best in the next 10 years" to restart Japan's nuclear power plants. Many of these plants have been undergoing safety inspections since the 2011 Fukushima earthquake. Kajiyama was cautious about the idea of building new nuclear plants, but said nuclear energy is "still necessary." ■



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MOTTO TOKYO!

New campaign invites residents to relax and explore the city

mesm Tokyo front desk

With the Japanese government's Go To Travel and Go To Eat campaigns in full swing—and Tokyo now included—the Tokyo Metropolitan Government has rolled out its own incentive program.

Called Motto Tokyo, the scheme sweetens the Go To deal with an additional subsidy that can be used in the city. For hotel stays costing ¥6,000 or more, you can receive a ¥5,000 discount. Day trips are also eligible, with a ¥2,500 assist when you spend at least ¥3,000.

Tokyo Governor Yuriko Koike introduced the campaign on October 9 as a way to encourage residents of the capital to get out and enjoy themselves while also supporting businesses hard hit by the coronavirus pandemic. It can be combined with Go To Travel incentives to greatly reduce the cost of your excursions and staycations.

The official website notes that the aim of the program is “an early recovery of the tourism industry, with thorough implementation of infection prevention measures, in cooperation with the national Go To Travel campaign to meet the needs of the citizens of Tokyo.” To qualify, you do need to have a Tokyo address and will be asked to confirm this with identification.

FINDING DEALS

Where to get the best offers and accommodations can, at times, be less than clear. While Motto Tokyo's ¥2 billion budget is expected to cover about 400,000 hotel nights, those slots have been distributed among hotels and travel agencies.

In some cases, you may find it easier to book through an agency, while in others you could uncover unique offers by going straight to the source. An example is the Hotel New Otani's

“Motto Tokyo! Women's Trip” package, an offer for up to three women to enjoy an autumn escape to the luxury hotel and each receive a ¥5,000 dining voucher. Combined with Go To Travel, the group can also save up to ¥8,000 on their stay. (www.newotani.co.jp/tokyo/stay/plan/motto-tokyo/)

BOOST YOUR DISCOUNT

Bringing together Motto Tokyo with Go To Travel is the best way to explore the city on the cheap while enjoying some of the most luxurious and beautiful spots around. It's even possible for the amount of yen you lay out to be zero, or you might even have a surplus after the discount.

When combining the schemes, the minimum cost does increase a bit—¥9,000 for a hotel stay and ¥4,500 for a day trip—but the savings go up as well. Plus, there is no limit on the number of times either incentive can be used, so months of discounted relaxation lie ahead.

Motto Tokyo bookings started on October 23 and the campaign will run until March 31, while funds last. Although you can use the discounts as often as you like, each trip is limited to five nights per person.

It should also be noted that hotels have a limited number of slots that can be covered by Motto Tokyo, and prime days will likely fill up fast, so be sure to check with your favorite hotels sooner rather than later. Also seize this chance to explore new places as well. There are many great deals out there. We have a few on the following pages that fall under Motto Tokyo, Go To Travel, or both. ■

More info: <https://motto-tokyo.jp> (Japanese only)

HOW TO GET YOUR DISCOUNT



Make reservations directly with a participating hotel.



Show an ID card to confirm your address.



Receive your discount and pay for the accommodations.

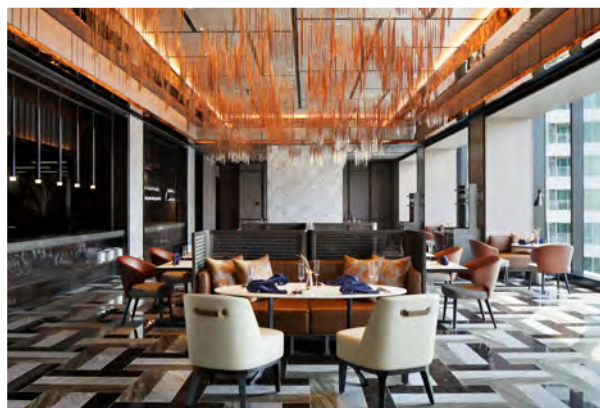
MESM TOKYO, AUTOGRAPH COLLECTION

Located in the new WATERS Takeshiba area, mesm Tokyo is an innovative luxury hotel crafted for individualists. The philosophy behind the hotel's name derives from the word "mesmerize"—a concept embraced by the iconic art design, as well as a selection of sound- and sight-inspiring entertainment and restaurant choices. Expect nothing but authentic Japanese hospitality here, despite the rather futuristic appearance.

Those looking for a place to be inspired will relish in mesm Tokyo's mesmerizing atmosphere that includes a dynamic waterfront view from the room, original fragrance, and music in lobby. There's even a digital piano in each guest room.

mesm Tokyo offers this stay starting at ¥65,527 per room, and you can get a discount of up to ¥32,593 per room with Go To Travel campaign and Motto Tokyo.

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Hotel Gajoen Tokyo is participating in the Go To Travel campaign. Book on their website to receive a travel subsidy. (Available only to residents of Japan.)

Details: www.hotelgajoen-tokyo.com/en/

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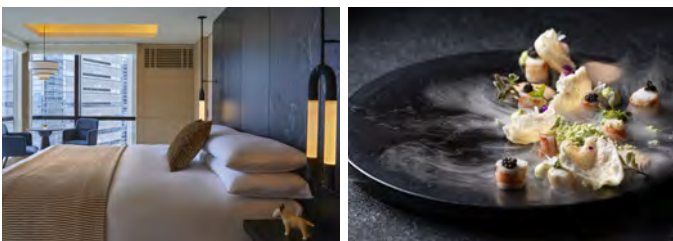
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KIMPTON SHINJUKU TOKYO

Inspired by New York's art and fashion scene, Kimpton Shinjuku Tokyo is where creativity comes to life. From art installations to retail pop-ups and locally loved restaurants, this pet-friendly hotel features 151 guest rooms and suites, a modern brasserie with terrace, and a New York-style café and bar. Guests are invited to enjoy wine and canapés at the Social Hour every night.

The hotel soaks up the energy of the bustling Shinjuku district and offers a slice of serenity, a calm oasis with a relaxing bar and terrace, seamless service, and luxurious rooms with beds you can sink into.



KIMPTON
SHINJUKU
TOKYO

Details: www.kimptonshinjuku.com

Effective Government Relations under the Suga Administration

After nearly eight years of Shinzo Abe's leadership, the role of prime minister has been passed to Yoshihide Suga, and the transition poses important questions for US companies, industries, and organizations in Japan. It creates new opportunities but also raises concerns, as the Suga administration develops policies in a number of critical fields.

While Suga represents continuity with Abe's economic and foreign policies, it is clear that Suganomics will not just be warmed-over Abenomics. If Abe was a visionary, focused on building a strong economy as the foundation for restoring Japan's stature on the global stage, Suga is more of a technician, seeking to deliver policies that provide concrete benefits for the Japanese people.

STRUCTURAL CHANGE

Suga's government will devote time and energy to specific structural changes, and early priorities will include:

- Healthcare
- Digitization
- Administrative reform
- Financial services
- Energy
- Tourism

To capitalize on these changes, US companies need to develop their understanding of policy discussions and engage with the key players to help shape the policy landscape.

In healthcare, Suga, formerly a champion of innovation and the introduction of new technologies, has indicated support for annual repricing of drugs and medical devices—an ongoing challenge for US companies. At the same time, he has called for the temporary relaxation of restrictions on telemedicine to be made permanent, has pledged to expand public health

insurance coverage for fertility treatments, and is looking to overhaul the entire healthcare delivery system.

The Suga administration also aims to further digitalize government and financial services, and is calling on the private sector to support Minister of Digital Transformation Takuya Hirai, who is setting up the new Digital Agency. The building blocks of Japan's future policy will be laid in the coming months, with US companies again being well placed to provide expertise on systems, platforms, policies, and best practice.

While the reappointment of Hiroshi Kajiyama as Minister of Economy, Trade and Industry, and Shinjiro Koizumi as Minister of the Environment, reflects continuity in energy and environmental policy, the debate on a new four-year basic energy plan has just started. Suga is expected to pursue renewable energy with more vigor than his predecessor, and his government plans to accelerate moves to support decarbonization and the creation of a hydrogen economy. There are many opportunities for US companies in this area, with Japan looking to support the development and use of specific technologies, such as fuel cells, water electrolysis, carbon recycling, and batteries.

Tourism is an area of personal interest to Suga, who has said that a full economic recovery cannot be achieved without the total resumption of business travel and inbound tourism. While Suga remains determined to hold the Tokyo 2020 Olympic and Paralympic Games in July, his immediate focus is support for domestic travel and transportation, including through his Go To Travel campaign. Businesses in these sectors can play a central role in shaping new policies to mitigate risks and to facilitate safe travel, including through sharing-economy platforms and digital services.

MORE GOVERNMENT INTEREST

This is a time of policy transition in Japan, with the government looking for new ideas and being open to conversations. Suga is already consulting the private sector more frequently than his predecessors, and the business of government proceeds apace.

There is both art and science to effective government relations in Japan—identifying and engaging the stakeholders who really matter, formulating and delivering messages that resonate, and providing workable solutions that align with broader objectives. As the largest and leading government relations and public affairs company in Japan, GR Japan specializes in building and executing comprehensive government relations, public affairs, and advocacy plans for its clients in these and other sectors, and welcomes conversations with US companies and organizations about the most effective and impactful ways to engage. ■



PHOTO: 内閣府内閣広報室 KANTEI.GOV.JP

Yoshihide Suga during his first press conference as prime minister.

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GO TO EAT CAMPAIGN KICKS OFF AMID PUSH FOR SAFETY

From July 30 to August 12, the Ministry of Agriculture, Forestry and Fisheries conducted a nationwide survey of 5,481 food and beverage establishments. The subject was compliance with guidelines meant to prevent the spread of the coronavirus. It was found that 19 percent of respondents were not in compliance with a number of precautionary steps.

While the establishments “must be serious about adopting them,” said Minister Taku Eto, he nonetheless praised the remaining 81 percent for “getting things right.”

The 47 safety guidelines, issued in May by the Japan Food Services Association, include:

- Limits on capacity
- Arrangement of tables
- Use of disinfectants
- Room ventilation

The ministry is determined to increase compliance and has requested that establishments follow the guidelines as a condition of participating in the Go To Eat campaign.

Through the campaign, diners can receive:

- Premium meal vouchers for use at registered establishments
- Points when reserving through restaurant guide apps and sites

Go To Eat, now underway, will continue until the end of January 2021, with vouchers and points being valid until the end of March. The ministry has secured a budget of ¥200.3 billion. Each premium voucher, valued at ¥10,000, entitles the holder to ¥12,500 worth of food and beverage services. Awarded points are ¥500 for lunches and ¥1,000 for dinners. JTB and 34 other companies can issue the premium vouchers, which will be valid in 33 prefectures. Among the issuers are 13 major online restaurant guides, including Gurunavi.

Plans were to get the ball rolling in September, but when Eto held a teleconference with the governors of five participating prefectures—Osaka, Saitama, Niigata, Yamanashi, and Mie—he strongly expressed his desire to hold back until they had implementation by all the governors. Go To Eat was officially launched on October 1.

FINANCIAL SERVICES AGENCY

SME SUPPORT PLATFORM KOKOPELLITO PRAISED BY GOVT

In response to the widening coronavirus pandemic, the Financial Services Agency (FSA) has devoted great effort to assisting small and medium-sized enterprises (SMEs), focusing mainly on travel and food-and-beverage businesses. FSA Commissioner Ryozo Himino said these sectors are being prioritized because their difficulties are beginning to have a severe impact on regional economies.

In May, commercial banks and savings and loans companies (S&Ls) began issuing what are effectively no-interest, no-collateral loans. The duration of the no-interest loans is rather short. After the pandemic passes, a new routine of fiscal intervention that includes management improvements and corporate bailouts will be essential.

In this context, an FSA executive praised the Tokyo-based Kokopelli venture business project as “an extremely interesting idea.”

This company operates a business support platform aimed at SMEs. Regional banks and S&Ls are offering the platform, called Big Advance, to their SME clients, who can use functions such as business matching, support in amassing customers, in-house chat tool, and homepage creation.

As the coronavirus pandemic speeds up the adoption of digital workflows and operations, SMEs are realizing that cloud services can lower costs. By adopting Big Advance, they can engage in business discussions with customers of different financial institutions. This can facilitate tie-ups beyond a company's immediate area. Up to now, local banks have engaged in their own proprietary forms of business matching, but this has limited their potential coverage area. Using the Kokopelli service, a manufacturer in northeast Japan, for example, could be matched with a component supplier in Kyushu.

According to Kokopelli, 41 financial institutions have come onboard since the service launched in April 2018. Another 17 are expected to join during this fiscal year, and the company says that inquiries have picked up since the start of the coronavirus pandemic.

Last year, the FSA issued a report compiling the contents of discussions with 100 fintech companies and financial institutions. Toshihide Endo, former head of the FSA, expressed the desire to work with organizations such as Kokopelli, and observers are watching to see if this sets into motion a “chemical reaction” in financial circles. ■



PHOTO: HWATT/REGENCY TOKYO

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