



THE AMERICAN CHAMBER OF COMMERCE IN JAPAN

JOURNAL

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THE VOICE OF GLOBAL BUSINESS IN JAPAN



Resilience & Change

ACCJ members and industry leaders reflect on one year of the pandemic and overcoming the coronavirus

COVID-19

Year of Upheaval

The business experience, personal impact, and journey ahead

EVENT

Pivoting in a Pandemic

Expectations change dramatically when your business falls to zero

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Rising to Challenges

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The ACCJ Is Working for You



During these challenging times, it's more important than ever to make sure you and your employees stay connected, informed, and engaged, especially when other professional development activities are less accessible.

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2:46

A decade later, we remember the tragedy of March 11 and the ongoing recovery

Time flies over us, but it leaves its shadow behind. A full decade has now passed since that fateful day in 2011 when disaster changed life for so many. And while in some ways it seems ages ago, in others it feels like yesterday.

As I sat at my desk putting the final touches on this issue of *The ACCJ Journal*, something happened that brought all those memories rushing back. A magnitude 7.2 earthquake struck off the coast of Miyagi Prefecture, and the Japan Meteorological Agency (JMA) issued a tsunami warning. The slow shaking and long duration felt so similar to that of the March 11 quake—and I was sitting in exactly the same spot as in 2011—so I couldn't help but pause and wonder if nature was taking another swing at us.

To mark the 10th anniversary of the disasters, we returned to the pages of *The ACCJ Journal* from 2011 to find the accounts and experiences of the role the chamber played in the immediate aftermath. You'll find a selection of seven pieces following my interview with Koll, and you can read the full stories online at accj.or.jp/311-in-memorium.

Parallels

Naturally, many have drawn comparisons between March 11 and the coronavirus pandemic. Both have had significant impact on business and life—particularly for those who lost loved ones or who found themselves suddenly displaced. Our thoughts for them and our desire to help will always endure.



C Bryan Jones
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To mark the anniversary of the disasters, we returned to the pages of The ACCJ Journal from 2011 to find the accounts and experiences of the role the chamber played in the immediate aftermath:

accj.or.jp/311-in-memorium

Thankfully, this time, there was no great destruction. But a JMA spokesperson said that the temblor is considered an aftershock of the quake from a decade ago, so the upheaval has never really left us.

Support and Recovery

While rebuilding continues, and there remains much to be done, the country has recovered remarkably well from the Great East Japan Earthquake and Tsunami, as well as the Fukushima Daiichi nuclear disaster that followed—a fact that renowned economist Jesper Koll shared with me in an interview that you'll find starting on page 24.

American Chamber of Commerce in Japan (ACCJ) members and member companies have played a key role in that recovery, not just on the business front but on the community level as well.

One thing that differs in our current situation is the scope of the crisis. I was fortunate in 2011 that my primary work was with a US-based software company and their operations were not affected at all by the disasters. This meant that my own work and income were protected from the disruptions in Japan. This time around, I've been less lucky. The global nature of Covid-19 has led to a difficult year, as I know is the case for so many others—something we explore in a cross-industry feature starting on page 34.

But as I put together this issue, I was reminded of just how fortunate I am to be associated with the ACCJ. During such trying times, the strength, resolve, support, and inspiration that flows from the membership provides an optimism that we'll emerge from the shadow stronger than ever, and that the world beyond the crisis will be more like that we always strive to attain. ■



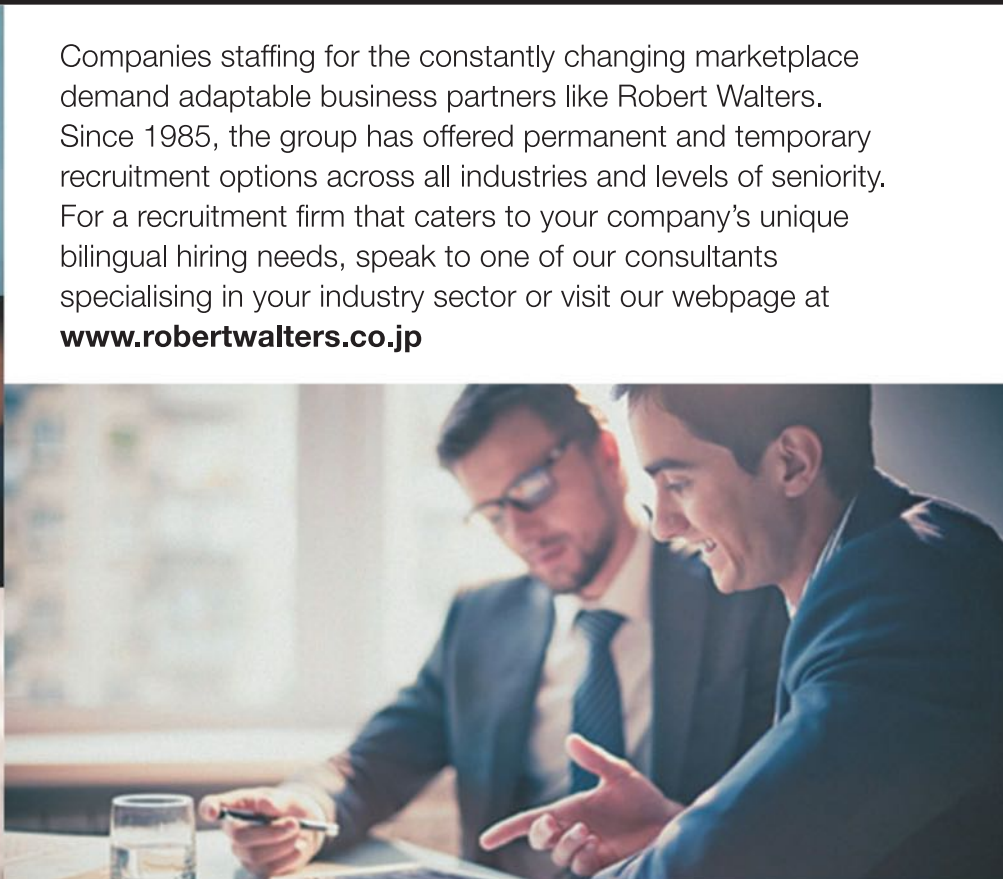
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Catalyst for Change

Seizing the opportunities adversity brings for better business and society

This month, we mark two milestones that have tested the resolve of our community in Japan and have had immeasurable personal and professional impact on us all.

Ten years on, the events of March 11, 2011, are a tragic memory and a vivid reminder of the incredible resilience of the Japanese people. The Great East Japan Earthquake and Tsunami turned life upside down in an instant, but also served as a catalyst for lasting change and reform that have benefited many aspects of society and business. This March, in addition to reflecting on the disasters of that terrible day, we also mark one year since the onset of the coronavirus pandemic and its impact on business operations in Japan with an expansive feature story beginning on page 34.

Both March 11 and the pandemic have challenged our lives and livelihoods. Yet, in each case, we have come together to find a new way forward.

Stronger Together

Both March 11 and the pandemic have challenged our lives and livelihoods. Yet, in each case, we have come together to find a new way forward, relying on the strength and resolve of our community and shared interests.

We can all be proud of how we have responded to meet not only our own needs, but those of Japanese society as a whole. American Chamber of Commerce in Japan (ACCJ) members and member companies played key roles in the recovery from the disasters of March 11. Likewise, through advocacy, direct action, and innovation, we've helped Japan and our international business community navigate the impact of Covid-19.

The disasters that befell the country a decade ago were, first and foremost, a human tragedy. But in their aftermath much discussion about the need for economic and regulatory change took place. Some of the suggested reforms have taken root—and the ACCJ has played an important role in promoting their adoption—but others remain very much works in progress.

The coronavirus pandemic has once again shone a bright light on much-needed reforms. But now, with at least the glimmer of a vaccine-fueled light at the end of the tunnel, how long will the need for reform or change remain in focus?

From Pillars to Coordination Groups

Advocacy is at the heart of what we do at the ACCJ. As I have articulated and the board of governors has endorsed, under the strategy of transformation, we want to continuously assess and improve our advocacy efforts. Now, more than ever, we need to make certain that our messages reach the broadest possible audience. To ensure the effectiveness of our efforts, we have realigned our advocacy pillar priorities considering the growth agendas of the US and Japanese governments, as well as our member needs, on a multi-year initiative basis. Our advocacy pillars have been renamed “advocacy coordination groups” to clarify their purpose of coordinating our advocacy efforts across these key themes: US–Japan Partnership, Digital Society, Health and Retirement, and Sustainable Society.

Topic areas such as sustainability, digital transformation, and bilateral economic partnership affect most—if not all—of our industry-specific committees. And, individually, committees are doing an excellent job of advocating for their various viewpoints. However, because the nature of these advocacy priorities is broad and they affect or cut across many committees, there is a need for cross-committee involvement, collaboration, and communication for effective advocacy. This can be facilitated by the advocacy coordination groups.

Stronger Voice

Refreshing our advocacy pillars to these four areas of focus and renaming them coordination groups will serve to help raise our collective voice and take best advantage of advocacy opportunities in direct conversations with stakeholders and in our broader communications.

In doing so, we hope to ensure that momentum created by the pandemic is leveraged for positive and lasting change—from both societal and economic standpoints. When we look back in 10 years, we will see that, while there was the human cost of Covid-19, we took the opportunity for reform and made a change for the better.

Individually, we have an opportunity to become the change we'd like to see. We can each act as a change agent in our own roles, resisting the urge to return to business as usual. Instead, we should question the assumptions of the old ways of working. We've seen a number of member companies successfully execute pandemic pivots. What's your plan?

I welcome you to share your feedback and ideas as we work to continue the success and growth of the chamber at this critical time. You can contact me at jrogers@accj.or.jp. ■



Jenifer Rogers
ACCJ President

Pivoting in a Pandemic

Experience and expectations change dramatically when your business falls to zero

Entrepreneurs know well that, no matter how well you plan, the path your business follows will be influenced by unexpected factors, often ones beyond your control.

The coronavirus pandemic is one such example, and on February 4, the American Chamber of Commerce in Japan (ACCJ) Information, Communications, and Technology Committee welcomed Australian/Kiwi entrepreneur Terrie Lloyd to share how his company Japan Travel K.K. has met the challenge of Covid-19 and pivoted some parts of the business while doubling down on others.

In the virtual presentation entitled *Pivoting in a Pandemic: Experience and Expectations Change Dramatically When Your Business Falls to Zero*, Lloyd shared how he continues to maintain optimism during such trying times, always looking for silver linings and taking advantage of opportunities that otherwise wouldn't have arisen.

Pivot and Double Down

Lloyd has lived in Japan for 37 years and has established 17 companies here over that period, so he is no stranger to having to reinvent his businesses in response to the unanticipated. He has seen three cycles of boom and bust, but the advent of the coronavirus pandemic

marks the first time that one of his businesses has gone from millions of dollars of annualized revenue to zero—at least for several divisions. In response to Covid-19, all businesses have had to adjust and rethink their strategies, as if starting from scratch, facing the same risks of failure.

“This past year probably should have been a trying one, but I found it extremely satisfying. And the reason is that I found many of the challenges the pandemic produced are the same challenges that you have when you start a company,” he explained.

The inbound travel sector has been hit hard by the pandemic, but Lloyd is of the firm opinion that it will come roaring back. Even with the current travel restrictions in place, Japan Travel is still attracting a high number of visitors. If people aren't currently traveling, they're certainly window-shopping digitally and making plans for the future. While many competitors are cutting staff and laying low, his team continues to push ahead with business development plans that will support a rapid recovery. If he is wrong? Well, he has a Plan B.

Stool with Three Legs

Not only does Lloyd have a Plan B, he has a Plan C as well. “I learned that there's always something



An empty Narita International Airport in June 2020.

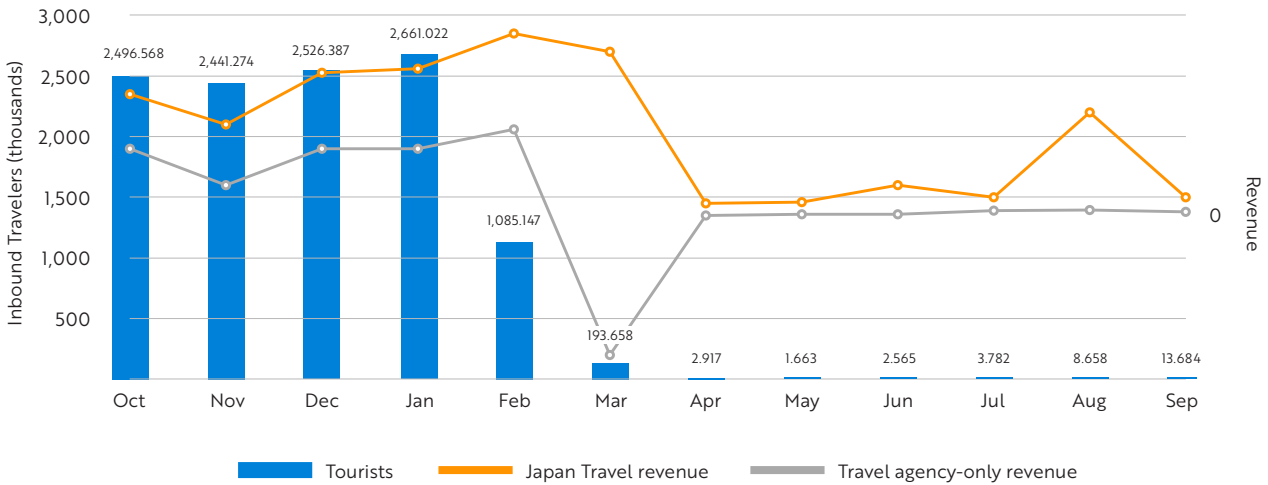


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Tracking Lloyd's Business

October 2019–September 2020

Tourists vs. Revenue



unexpected, the kind [of thing] that tries to kill you. Usually, it's another competitor. This time around, it was a disease," he said. "It's always good to have a stool with three legs, not one. If somebody tries to kick one of the legs from under you, you still have a chance of surviving.

Japan Travel was designed from the beginning, Lloyd explained, to be a vertically integrated company with software as a leverage point. His passion for building solutions to problems, which he attributes to having been given a Meccano building set as a child, has been one of the key factors to Japan Travel's survival over the past year.

Lloyd has lived in Japan most of his life, so he has witnessed events that forced reinvention in the face of disaster, such as when the Great East Japan Earthquake and Tsunami struck on March 11, 2011. "This is kind of a repeat of 2011 in a way, where an existential threat made us think about what our values are and what we were going to do to survive."

Rebound

Similarly, when making comparisons to 2011, the main question that cropped up during the pandemic was how long the situation would last. Would it last six months? A year? It was all conjecture. It was, and still is, impossible to predict.

"I thought it was more like the flu, but a serious form of the flu. So just like the flu, it would go away when summer arrived," Lloyd said. "Little did I know that Covid-19 has some very deep tentacles, and it has caused a lot more havoc and fear than I first expected. Then, when it became summer, we thought, maybe it would last until the end of the year. And now here we are in February."

With this sort of event, he subscribes to the idea that the bottom of the cycle is the right time to start a new phase of a business, not only to rebuild but to improve past efforts with new lessons learned. Referring to a meeting he had with Japan Airlines Co., Ltd.—a discussion focused on what they were going to be doing this year—he described the situation as being faced with an exciting challenge. It's a surprising description considering he had seen several

divisions of his business hit by such a drastic revenue dive. But as a man with a passion for creating solutions, Lloyd says that the future has never looked brighter. "It's a really weird situation. It feels like a spring day, where it rains and shines, both on the same day."

His optimism stems from his belief in a strong rebound, and he expects that 2022 will be a year of recovery, with things starting to look economically stable by 2023.

"What we saw after the 2011 earthquake was a year timeout," he recalled. "Then, suddenly, things started to move forward. By 2013, we had a strong economy again. I think the same thing will happen this time."

The same positive outlook correlates with his thoughts about the upcoming Tokyo Olympic and Paralympic Games. He believes there is a good chance the events will still occur—something that looks all but certain from media reports that have followed Lloyd's ACCJ presentation—albeit not in a normal fashion.

"The [Tokyo] Olympic Organising Committee must have watched what Australia had done with the Australian Open," he suggested. "They basically were able to keep things under control. Of course, the Olympics is a bigger event than that. But if anyone can do it, Japan can do it."

Reducing Uncertainty

With the trauma caused by the pandemic, Lloyd knew that the most crucial action, for the well-being of his staff, was to reduce fear. He told his team that the plan was to hunker down and then assured them that their jobs were secure. This was made possible when the government announced it would be providing subsidies for companies affected by the pandemic.

It was uncertain at the start what exactly these subsidies would cover and when they would go into effect. Would Japan Travel be eligible? The application process, being newly integrated, wasn't immediately clear. Without the subsidy program, he explained, there would have been a domino effect. Once the travel agencies go, the restaurants fall next. There would be nobody to spend money on products, so the manufacturers would be gone, too.



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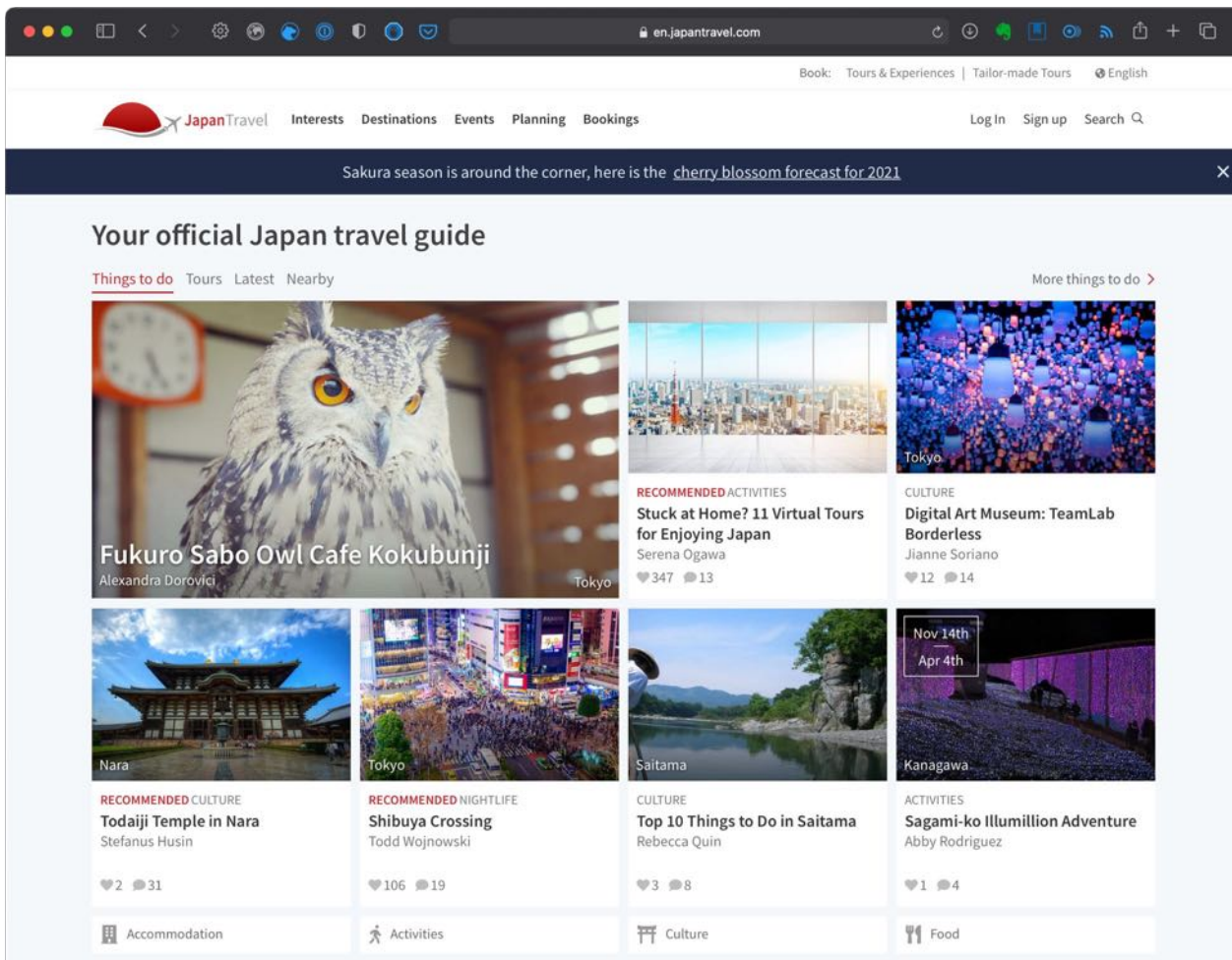
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With the subsidy providing a safety net to protect the livelihood of his staff, he had another problem to tackle—figuring out how to make use of idle hands if the company was unable to operate as it previously had. He made a rule that no one was to do their regular job. Instead, they would begin training to do somebody



remain busy. When I do think about the pessimistic side, I envision further business opportunities.”

He reiterated how the lessons learned and applied as a result of this pandemic were valuable to strengthen and reinforce against adversities that may arise down the road—especially those for which there is no reference point.

If you can turn your hobbies into business and combine that with a business that is ailing, perhaps something worthwhile will happen.

else's. Utilizing this cross-training system would prove to have a wonderful impact.

“We now have people who understand other jobs and appreciate the amount of work that went into doing those jobs,” Lloyd explained. “It also means that when people get sick, or as people start to leave, or whatever may happen, that we've got staff cross-trained and able to slot in and take over.”

Two Directions

“I think there are always two directions: optimism and pessimism,” Lloyd said. “For the economy going forward, I happen to be optimistic. For Japan Travel, my digital marketing and sales teams will

With the same unwavering optimism, he answered a question about what happens if there is no rebound in inbound travel.

“I'm staying physically and mentally ready. During the pandemic, we had opportunities to practice new hobbies,” he said. “We're trying to bring science to agriculture—in particular fermentation—which is a hobby of mine. I'm pretty good at making sourdough bread, and I'm making cheese at the moment. I figured that I would turn that into a business. The plan is to get people into the fermentation locations and get them thinking about the process. If you can turn your hobbies into business and combine that with a business that is ailing, perhaps something worthwhile will happen. Just like with fermentation.” ■

Celebrating 30 Years

Chubu Walkathon reaches a milestone in giving back to the community



Erin Sakakibara

Chair
ACCJ-Chubu
Walkathon
Committee
and
Community Service
Committee

The Chubu Walkathon will hit another big milestone this year as we celebrate three decades of coming together as a community to support local charities. It is truly gratifying to think of the many people dotted around the world who hold fond memories of what the Walkathon has grown into over the years.

Of course, there are the fun memories of the event itself—walking in beautiful Nagoya-area parks, enjoying time with family and friends, playing games, sampling delicious local food, and enjoying great entertainment. But even though it was always enjoyable (even in the rain!), it was more than just fun. It represented true community spirit and the sense of knowing we were contributing to this wonderful place we call home.

Last year, we did a quick pivot from the usual format and, thanks to a lot of effort from the committee, we pulled off one of the first major online events held in this brave new world. Despite being virtual, the 2020 Walkathon was successful and resulted in us distributing roughly the equivalent of the donations collected in 2019, thanks in large part to loyal sponsors and very little overhead. Perhaps our biggest

achievement as a committee was not giving up and making sure the show went on.

Further Transformation

This year will be a bigger challenge. In the months since the 2020 Walkathon, any number of virtual events have been held. The model is no longer new and, it's safe to say, no longer all that interesting. But we find that we need to be ever more vigilant in keeping participants safe while having fun and generating that much-needed community spirit. Only then can we successfully support the charities for which we fight. In fact, it is arguably more important that we up our goals after a year of everyone scaling back. We are hearing from all the charities we support that times are hard.

To do this, we are proposing a hybrid event that will combine the online platform for entertainment and charity showcases with an organized Walk Rally that will revisit some of the parks where past Walkathons have been held. It will literally be a stroll down memory lane! We intend to offer prizes for those who walk the farthest, and we are planning localized, socially distanced events at several points along the



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Reflection of the Times

- The Walkathon kicked off in 1992
- It enjoyed a steady increase in people and funds raised during the 2000s
- The Lehman shock affected the event in 2009
- The Great East Japan Earthquake and Tsunami of March 11 was the background for increased donations in 2011. The Walkathon donated a car, a bus, and various funds to organizations doing reconstruction work in Tohoku.
- Celebrated its 25th Anniversary in 2016 and raised an astounding ¥25 million, setting the stage for the creation of the Chubu Children's Fund.
- In 2020, the Walkathon shifted to become one of the first online events in the Covid-19 era
- **In 2021, help us celebrate 30 years of Walkathon!**

rally. We even hope to up our tech game and check in with roving reporters during the course of the event. Familiar elements, such as our Walkathon T-shirt designed annually by a Nagoya International School student, will still be featured. And I'm sure our mascot, Walkie, will make an appearance around town, too!

Success Stories

Despite the planning challenges, we are buoyed by reports and stories that are coming in from the organizations that received funds raised in 2020. It is really heartwarming to know that something as simple as new bedding is making a difference in the lives of children living in a home for kids with disabilities.

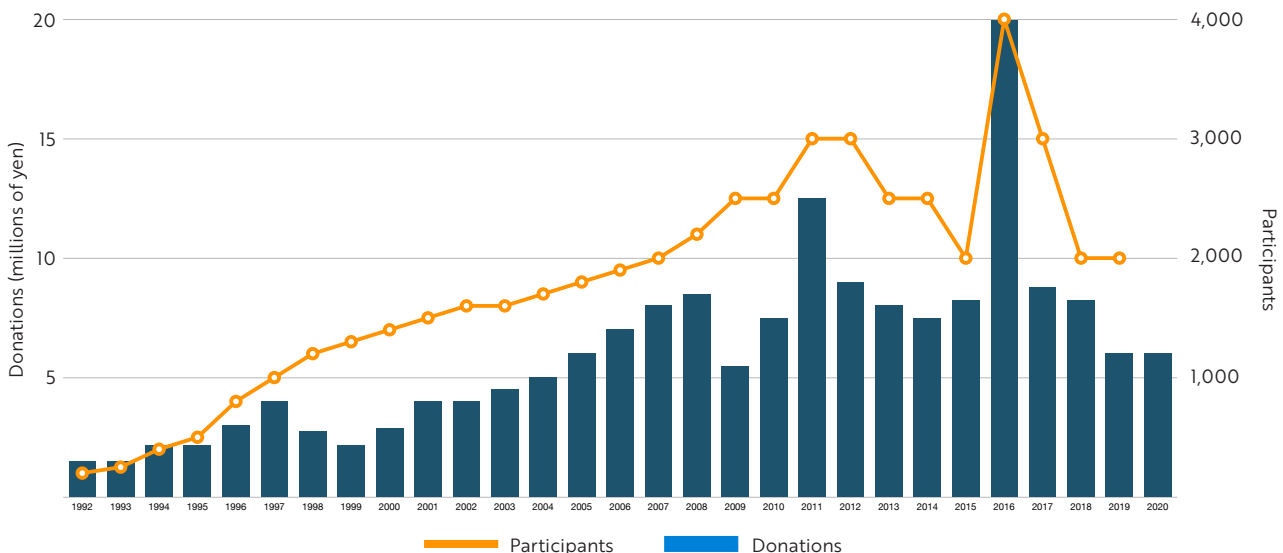
It is also gratifying to know that we are on course to support three more orphans wanting to study beyond high school through the Chubu Children's Fund. One wants to play soccer and study

sports business, one wants to be an audio technician for concerts and movies, and one wants to study social welfare so they can work at a children's home themselves one day. These inspiring stories are just a sample of the anecdotes that keep us motivated to do more. You can read more at chubuwalkathon.com.

But we can't expand our impact without the help of more people. It is getting harder and harder to depend on our small pool of loyal sponsors—especially under the current climate, in which people are scaling back. Our solution is to cast our net wider and bring more into the tent, as we aim for our goal of ¥10 million.

There is strength in numbers, and we are looking for companies and individuals to give what they can this year—no matter where and who they are. Chubu is the heart of Japan. Let's keep that heart beating by supporting good people doing great things in our community. ■

History of the Walkathon Over the past 29 years, 50,100 people have participated and we have donated a total of ¥171,450,000.



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For 93 years, Tokyo American Club has stood as the premier private members' club of the city. Now, the award-winning club takes another groundbreaking step with the opening of its first-ever satellite hub.

Located steps away from Mitsukoshimae Station in the historic and fast-developing business and entertainment district of Nihonbashi, Tokyo American Club Nihonbashi opens its doors on March 31. With a near century of experience in the private hospitality space, Tokyo American Club ensures prospective members that only the best of the best comprises life as a member of Tokyo American Club Nihonbashi.

"This is an historic step for the Club," said member Ginger Griggs, an ACCJ member who chaired the Club task force that oversaw the new facility project. "In our nearly 100-year history, we have never extended to include a second facility."

Open weekdays, the Club is designed to cater to the needs and tastes of an international community of busy professionals in a stunning, adults-only venue that offers the opportunity to wine, dine, or workout all in one setting.

The Club's stylish, modern concept is evident from the entrance lobby on the sixth floor of Nihonbashi Muromachi Mitsui Tower. The brainchild of award-winning architect Daishi Yoshimoto, the Club's defining design feature is its eye-catching, walnut ceiling that runs the length of the facility.

"The whole Club is covered by a single roof, almost," said Yoshimoto. "The sense of everything being under one roof is important. As far as texture goes, I love walnut and its color. It gives a modern atmosphere to this space."

Members arriving at the Club are also greeted by a welcoming concierge and the first pieces of art from



**Keeping fit.
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a curated collection that line the walls. “One of the key points of the Nihonbashi Club is creating an atmosphere of what I call ‘urban sophistication,’” said member Terry White. “And art is a key component of that.”

From there, the possibilities open up. Members in search of breakfast, lunch, or dinner may head straight for the Muromachi Lounge, American Room restaurant, or even the private dining room, where Club chefs offer an eclectic mix of Stateside classics made using fresh, local produce.

Lindsay Gray, the Club’s executive chef, cites the pastrami sandwich with *kimchi* slaw and the beef tenderloin with *shiso*-leaf chimichurri as stellar examples of this elevated American fare.

“While the menus will have these Japanese inflections, the core of them will still be modern American,” he said.

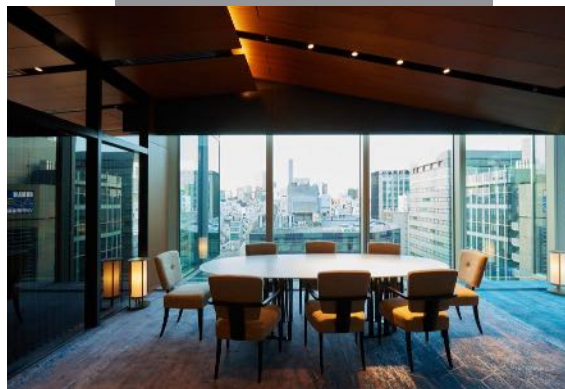
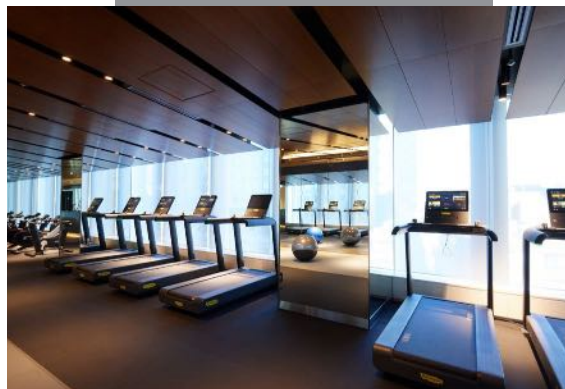
If a full meal isn’t in the cards, smaller bites alongside killer wines and cocktails are on the menu at the stunningly designed bar. Laid out around an illuminated island and adjacent by floor-to-ceiling windows that overlook Nihonbashi’s bustling streets, the wood-and-brass bar will be the go-to spot for any member looking to unwind after work or to entertain colleagues or clients.

Life at Tokyo American Club Nihonbashi isn’t limited to epicurean pleasures. On the opposite side of the Club is a top-of-the-line fitness center. Featuring a stretching station, cardio section with stationary bikes, treadmills, and rowing machines, as well as a fully equipped weight-training area, this exercise space cuts no corners.

“We were adamant that it be a multipurpose kind of gym where anyone could find a good way to work out,” said member Jim Fink of designing the fitness center and the connected locker rooms.

Being a member of Tokyo American Club Nihonbashi also means enjoying access to an adjacent VIP area (subject to availability) and Tokyo American Club’s global network of reciprocal clubs.

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Better Connection for Mental Health

Cisco helps TELL better support those in need

For almost half a century, Japan's international community has relied on TELL for free, anonymous, and confidential telephone counseling and information. The multifaceted nonprofit organization took its first call on April 1, 1973, and has been providing professional face-to-face counseling and an extensive outreach program ever since.

Like many organizations, TELL has been impacted by Covid-19. The need for social distancing has disrupted the way in which they deliver their services and adjusting to an inability to make use of the usual system has been challenging.

Unprecedented Times

TELL's Lifeline crisis phone support would typically operate from 9:00 a.m. to 11:00 p.m. seven days a week. Chat support would also be available on Friday, Saturday, and Sunday nights. But due to the pandemic, they had to stop offering the option of coming into a phone room, because these are often small spaces.

This donation will make us more resilient, allow us to better meet the increased demand, and move us closer to our vision of achieving 24-hour service.

"We have a couple of phone rooms—one in Tokyo and one in Osaka—so we thought that we'd be fairly resilient should a disaster happen in one area," said Lifeline Director Vickie Skorji. "But this is something that's impacting people around the world, nevermind prefectures or even a country.

"We moved things to chat, but we also knew the phone calls were important," she explained. "Where we could, we put in a makeshift internet phone system. We would divert the landline to an internet phone number. Then, if the support worker was in a place where they could take the call confidentially, in a private space at home, they could do so."

But this process was less than ideal and could cause confusion. When someone would call a lifeline

number, they would get a message in Japanese from the phone company letting them know that the call was being rerouted to an internet number.

"That was quite confronting for them, and it was all in Japanese," she added. "That would either make people skeptical or, if you don't speak Japanese, you'd hear that and wonder what was going on."

The disruption to the normal phone system also impacted training.

Helping Hand

Then TELL found a partner who could change the situation. American Chamber of Commerce in Japan (ACCJ) President's Circle member Cisco Japan G.K. is helping TELL's Lifeline crisis phone support by providing its Webex Calling solution free for five years to ensure that the counseling continues uninterrupted—especially important during this time of great stress, when calls to the Lifeline have been skyrocketing.

"We are delighted to support TELL in the deployment of their new calling platform," Cisco President of Asia-Pacific, Japan, and Greater China Dave West, who is also an ACCJ vice president, told *The ACCJ Journal*. "TELL performs such an important role in the community in Japan, and we hope Cisco's leading cloud calling solution will power their ability to continue to fulfill this vital function and scale support services even more over the years to come."

TELL Chairman and ACCJ member Timothy Langley said: "We are so grateful for Cisco's contributions to TELL and its assistance in our mission to save lives. Cisco's Webex Calling application will provide broader access to the TELL Lifeline, expanding our telephone capacity and empowering TELL's dedicated team of volunteers to securely provide remote support and counseling. This donation will make us more resilient, allow us to better meet the increased demand, and move us closer to our vision of achieving 24-hour service. We look forward to building upon our partnership with Cisco to better serve the international community and raise awareness for mental health in Japan."

Skorji echoed this. "We're really excited that we have the option to get our phone system back in place. And we will have a more robust system so that no matter what disaster may come, we can offer support at home, in the phone room, and through chat." ■



Vickie Skorji
Lifeline Director
TELL



Timothy Langley
Chairman
TELL



Dave West
President of Asia-Pacific, Japan, and Greater China
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- Oncology

People. Passion.
Possibilities.®

Deepen the Dialogue

Ensuring the future of health and retirement in Japan

In this unprecedented global crisis, we are coming together to achieve one shared goal: to beat Covid-19. Throughout the past year, frontline healthcare workers have played a critical role in providing care, despite the risk of infection. Leaders in government have placed priority on protecting the health of the people, and the biopharmaceutical and medical technology sectors have come together to develop safe and effective new diagnostics, therapies, and vaccines at a pace we have never seen before. It is truly a moment when we are seeing the value of our continued investment in scientific innovation.

This pandemic also offers Japan a unique opportunity to rethink its current healthcare and retirement system. With the aging of the population accelerating, Japan's human and material resources for healthcare and retirement are already stretched. We now find the healthcare system at the edge of a dangerous precipice and must take this opportunity to reflect on what the pandemic has taught us. Japan must rethink how to deliver on its healthcare and retirement commitments as it barrels toward an unprecedented graying of society.

Health and Retirement

When the leadership of the American Chamber of Commerce in Japan (ACCJ) decided to streamline and hone the strategic pillars of the organization, three groups that, on the surface, did not appear to have much in common found an innovative and out-of-the-box partnership that could offer meaningful solutions to some of the biggest challenges.

The healthcare, financial services, and tech sectors joined forces to explore and develop innovative recommendations for how Japan can build a more sustainable health and retirement system. As a result, the Healthcare and Retirement Pillar has been one of the strongest over the past few years, delivering impressive outputs.

The committee understood early on that the ACCJ could not simply develop another white paper on its own, however well intentioned. Engagement with Japanese thought leaders and academics would be a key success factor to igniting the sparks for meaningful discussion and change. Working closely with the Institute for New Era Strategy (INES), a well-respected Japanese think tank, leaders in the ACCJ contributed to a final white paper with detailed recommendations across three key themes:

- Active utilization of data technology
- Shifting financial resources toward healthcare and retirement needs
- Raising the health and financial literacy of society

Moving into 2021, the ACCJ has positioned itself to deepen the discussion across these three major themes. Our member companies are now deep diving into the topics to develop specific and actionable recommendations to share with our stakeholders. Specific case studies are being put forward to provide quick wins and meaningful change—the foundation for broader reform.

Japan must rethink how to deliver on its healthcare and retirement commitments.

The board of governors and ACCJ leadership are committed to ensuring that the broadest possible coalition of related companies has the opportunity to provide insight, expertise, recommendations, and input.

The Healthcare and Retirement Pillar, proudly one of the most active groups within the chamber, always welcomes member companies to participate in this groundbreaking work. Ultimately, the ability for Japan to manage this crisis of aging impacts us all, as residents of Japan and as a place where we do business.

Focus on Pharma

An immediate challenge facing the biopharmaceutical industry is understanding how to better communicate to the government—and the broader public—the value of the innovation we bring to society. Despite pharmaceutical expenditure in Japan being flat to declining, over the past several years, the Cabinet Office has embarked on a mission of “reducing people’s burdens” through measures that continue to reduce and erode the prices of pharmaceuticals. A frightening fact is that more than 80 percent of targeted social security system savings over the past five years have been generated through drug price cuts alone, despite pharmaceutical expenditure representing only around 20 percent of total healthcare spend. This could have dramatic repercussions for the Japanese economy, future research, and development investment in new pharmaceuticals, as well as continued early access to innovative medicines.

At a time when innovation is more important than ever to address healthcare challenges, policy is running counter to the needs of the people. It is the hope of the innovative pharmaceutical industry to partner with the Japanese government in areas such as patient education and prevention, while taking a broader view in framing the value of innovation in supporting a healthy Japan. ■



James Feliciano
President
AbbVie G.K.

Chair of the
Japan-based
Executive Committee
(JBEC), PhRMA

ACCJ Governor

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white paper:
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SMART CARE

HEALTHCARE x DIGITAL WINNERS MICIN POWER RISE IN TELEMEDICINE

One silver lining of the Covid-19 pandemic is that it has hastened the digitalization of Japan's healthcare industry, which lags behind the healthcare industries in other developed economies. That's been a boon to MICIN Inc., which was one of the first Japanese companies to offer online medical services. The startup, launched in 2015 by four young men, won the Best Product Award at the American Chamber of Commerce in Japan's Healthcare x Digital competition on December 1.

"Without the pandemic, digitalization would have come much more slowly," says Ryoichi Kusama, MICIN's co-founder and senior vice president. "We want to help the medical industry change from within and become a player that can be trusted."

MICIN's online medical exam service, called curon, can be accessed through a smartphone app and allows patients to make and hold video appointments with doctors as well as receive prescriptions at their homes. It is now used by more than 5,000 clinics and hospitals—only about five percent of the 110,000 medical facilities in Japan—a number that Kusama says is far too small. "We want that to grow," he said.

The ACCJ Journal talked to Kusama about his journey and that of MICIN, the challenges the company has faced, and what it was like presenting at the Healthcare x Digital event, which aims to spur on industry-changing technologies, as well as connect Japan-based startups with major pharmaceutical companies.

The event was driven by a group of ACCJ committees—Healthcare; Alternative Investment; Information, Communications and Technology; and Secure Digital Infrastructure—and led by ACCJ Corporate Sustaining Members AstraZeneca K.K., Bayer Yakuhiin, Ltd., and Deloitte Touche Tohmatsu LLC, as well as President's Circle Member Eli Lilly Japan K.K. The ACCJ-Kansai Chapter played a critical role in organizing the competition.

Where did you get your company name?

At Stanford University in the 1970s, some engineers came up with a medical artificial intelligence program called MYCIN. Its goal was to recommend the best medicine for treatment of diseases. It wasn't able to give recommendations that were quite as good as those of medical experts in their field, but it was able to help doctors dealing with cases outside their expertise. Ultimately, it failed. But we wanted to pay homage to that effort and changed MY to MI for "medical information" to create MICIN.



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How did your company start?

There are four co-founders, including me. It all started when the current CEO, Seigo Hara, and I were both employees at McKinsey & Company. Hara is a medical doctor, so he has been involved in many healthcare projects. I was a part of two or three of them with him.

In the summer of 2015, when I was working for McKinsey in New Jersey, I came back to Japan for vacation and met up with Hara for dinner. He said he was thinking about quitting McKinsey and going corporate. He saw an opportunity in addressing a pain point in the inefficiencies of handling medical information in Japan.

I had noticed the same thing, so we started to think about possibly starting a company together to tackle this. But neither of us were IT engineers; we couldn't write code. So, we had to find a chief technology officer.

By chance, I met a computer engineer named Yusuke Sugomori at a barbecue in New York soon after that. He was saying he planned to quit his job, so I asked him if he wanted to join us. "That sounds like a cool company," he said.

Sugomori contacted a friend named Ryushi Shiohama, who was also a computer programmer. So those were the four starting members—two guys on the business side, two on the engineering side.

If I hadn't met Sugomori at the barbecue, there probably would be no MICIN. Same if I hadn't met Hara at McKinsey. This company was the result of several key encounters.



"BECAUSE OF COVID-19, DIGITALIZATION HAS ADVANCED FIVE YEARS IN THE SPACE OF ONE."

What strengths and experiences do you each bring?

Hara is a medical doctor, an alumnus of the University of Tokyo Graduate School of Medicine, so he has detailed medical knowledge. Sugomori is strong in machine learning and has written books on this. And Shiohama has been coding since middle school, so he's an experienced systems engineer.

I'm probably the least specialized of the four of us. My background is in mechanical engineering, and I've worked on healthcare issues. I kind of fill the role of "other duties." I was chief operating officer, so I sometimes say that COO stands for "chief other officer."

What memory stands out from the early days?

We started out working in a small apartment in an old building from the 1970s. We were told that it would be demolished in 18–24 months. So, it was kind of a question of whether the building or MICIN would collapse first—or we would grow enough to move out into a larger, better space. I remember that and riding the last train home at night.

Where did the idea of curon come from?

In August 2015, the Japanese government deregulated online medical treatment. Until then, it could only be used for a limited number of diseases. But that was expanded quite broadly. This provided an opening for us to move ahead with the idea of creating an app that would allow people to get an online medical examination. We like to say that your smartphone becomes your examination room.

Normally, if you feel like something's wrong, you go to the hospital, and you often wait a long time to see a doctor. But the actual time the doctor sees you is like three minutes. That's not an ideal situation.

Lately, through the internet, you can buy vegetables and shoes—but you don't have to wait three or four hours to do that. In the same way, if you use the internet to see a doctor, the wait time drops sharply. You could book an appointment for 4:00 p.m. and see the doctor at that time.

After the online medical exam, you would pay the doctor's bill through the app using your credit card, and the medicine would be delivered to your home. That's the new kind of medical experience we're creating.

Can doctors really examine patients online?

There are some diseases that can be addressed online and some that cannot. Diagnoses that involve listening to or touching the patient are hard to do this way—orthopedics, for example. But internal medicine or chronic diseases are easier.

Also, initial visits are very hard to do online because the doctor generally needs to see a patient to correctly diagnose the problem. But subsequent visits can often be done online because the doctor already knows the situation. For things such as treating high blood pressure, if there's no change in the patient's state, then the doctor can prescribe the same medicine.

How receptive have doctors and hospitals been to curon?

Compared with the more proactive stance of pharmaceutical companies, doctors and hospitals have shown a bit more reluctance or confusion. It's not that they dislike or are opposed to information technology (IT), but doctors are very busy. So, to learn a new IT system can sound overwhelming.

Curon is a relatively easy system. It's browser based, so there's no need to install software. Before using it, doctors are sometimes resistant or not very confident, but once they start, they generally find it easy. You just really need your index finger to touch commands.

Do you have other lines of business?

Yes, we have three divisions. In addition to online health services, we support clinical drug trials through a digital-solutions business that seeks to assist pharmaceutical companies. We also have a digital therapeutics business that uses an app to help people seeking counseling or who have other issues. For example, if someone wanting to quit smoking feels the urge to light up, the app can offer some alternative actions—such as washing one's face—that will distract them or help reduce the urge.

In terms of sales right now, the one related to clinical trials is the smallest but also has the most potential.

How has Covid raised awareness about online health?

In February 2020, curon was used only by about 2,000 facilities. But now it's more than doubled to about 5,000. Because of Covid-19,



In February 2020, MICIN's curon online medical exam service was used only by about 2,000 facilities. A year into the pandemic, that has more than doubled to about 5,000.

digitalization has advanced five years in the space of one. We think we have a big responsibility at a time such as this.

Why the jump?

Two reasons. First, because of the spread of Covid-19, doctors don't necessarily want patients to come to hospitals and risk spreading the virus. Second, regulations governing online medical services were loosened.

It's also changing other industry practices. Traditionally, Japanese pharmaceutical companies have medical representatives—salespeople—who visit hospitals and explain their drugs. But with the pandemic, doctors didn't really want these reps to visit them. So, Covid-19 forced a big rethink of this model.

How did you fund your startup in Japan?

At first, we were using our own money. But then we received funds from an angel investor. In 2018, we received an investment of ¥1.1 billion from a few companies.

What challenges did you face starting your business?

One issue was that, other than me, we really didn't have any staff to help on the business side. To increase users, we needed doctors and health facilities to get to know our system. But I was basically doing that alone, so that was hard.

Another difficult thing was managing the pace of hiring. For example, if sales double in six months, it's hard to double your staff in the same amount of time and hire really good people. So, you have to think about how to cope with rapid growth using existing staff.

In online medical services, how far behind the US is Japan? Why?

There are several large companies in the United States that provide online healthcare services used by millions. By comparison, Japan is about five years behind. This method of providing healthcare is

spreading here, but more slowly than in other countries. I think the biggest reason is that there aren't as many incentives for doctors and medical facilities to use online services. A Keio University study of the difference, in 17 nations, between doctors' reimbursement for online and in-person meetings shows that in only two countries did doctors lose money with online services. Japan is one of them.

So, we need to provide incentives for doctors to adopt online services. That's one reason that hospitals and doctors are a bit reluctant to install telemedicine for all patients.

What was the presentation experience like?

Because we were pitching to pharmaceutical companies, I focused on how online platforms would impact their industry. I explained how, because online services are easier, fewer patients drop out and the portion of patients who continue to get treatment grows. That's a plus for pharmaceutical companies.

We are also seeking to boost patients' satisfaction rate. The expression "beyond the pill" is heard in the pharmaceutical industry—in other words, not just providing medicine, but trying innovations in patients' treatment experiences. I explained how we could work together to achieve those goals.

How will your Healthcare x Digital win help you?

The biggest plus is that it has expanded the collaboration with major pharmaceutical companies. Those companies want to support patients to make sure that their products are used appropriately. So, we talked about how they could get feedback from patients to better understand their issues and use the curon platform to achieve an ideal patient journey.

The ACCJ has many attractive partners, so if there are startups that want to expand their business through such collaboration, I'd encourage them to enter the competition. ■

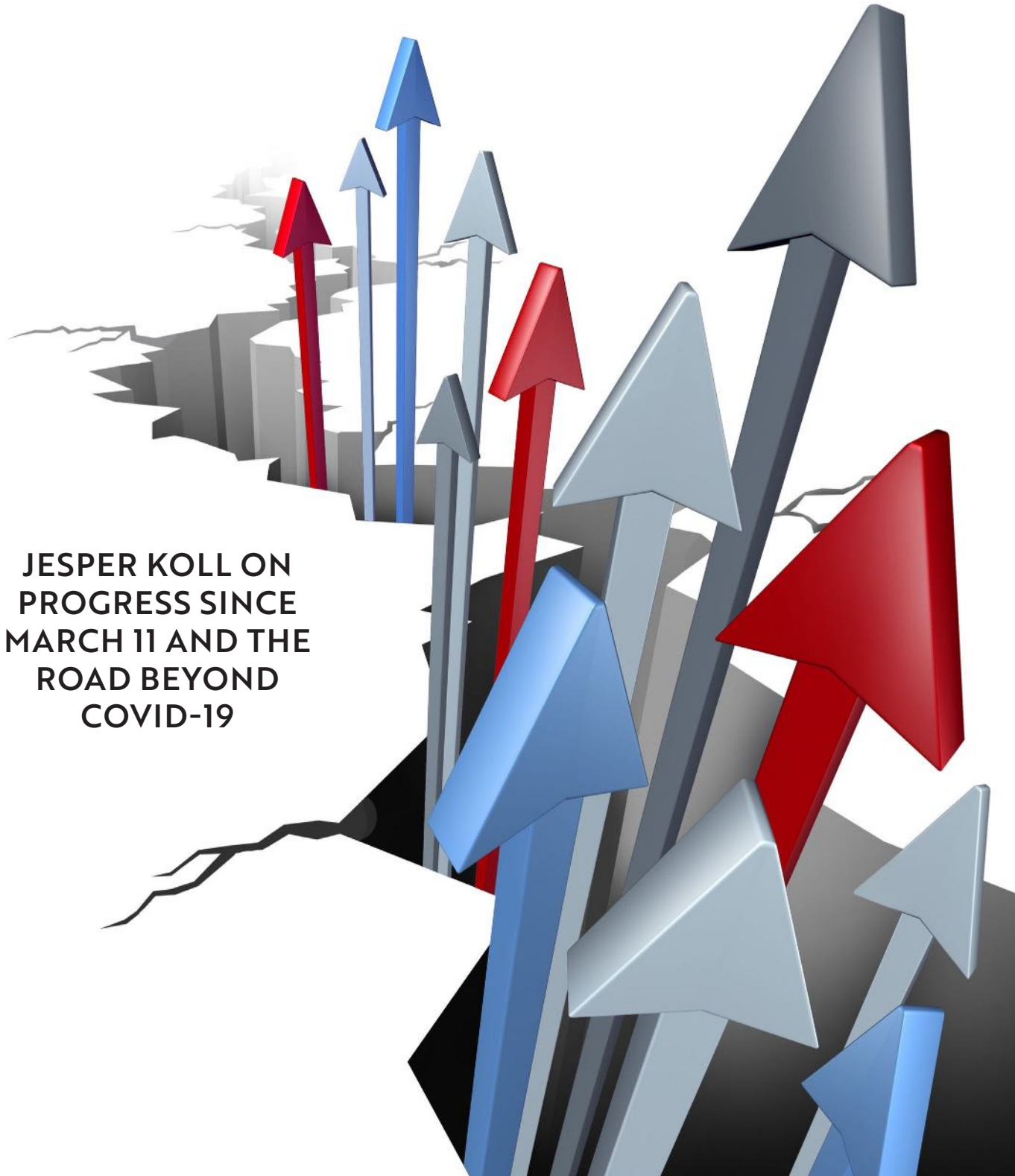
About Healthcare x Digital

A program of the American Chamber of Commerce in Japan (ACCJ), Healthcare x Digital is designed to give innovators the opportunity to pitch ideas to top executives from some of the world's leading healthcare and pharmaceutical companies. Join us to discover Japan's most innovative healthcare ideas and develop partnerships to make them a reality. **Participation and sponsorship details:** accj.or.jp/hxd



RISING TO CHALLENGES

JESPER KOLL ON
PROGRESS SINCE
MARCH 11 AND THE
ROAD BEYOND
COVID-19



The months following the triple disasters of March 11, 2011, brought great uncertainty and speculation. Now known as the Great East Japan Earthquake and Tsunami and the Fukushima Daiichi nuclear disaster, these tragedies forced us to rethink many aspects of business and policy.

In the May 2011 issue of *The ACCJ Journal*, economist Jesper Koll, then the Japan director of research at JP Morgan, penned an article entitled “From Disaster to a New Japan: Detailing the Economic Path Recovery for Post-Tohoku Earthquake Japan.” In the story, he asked whether the disasters would accelerate, delay, or possibly reverse the deep fundamental trends that had been shaping Japan’s economy over the prior decade.

To mark the 10th anniversary of that fateful day, I sat down with Koll, who is now senior advisor at hedged equity fund Wisdom Tree Japan, to find out how his predictions played out and whether the coronavirus pandemic might bring the same sort of transformations.

How do you feel things have evolved since March 11?

Glancing over the article a decade later, the bottom line is that, while I was optimistic then, I wish I’d been even more optimistic. I actually believe the disaster was a gigantic catalyst for the rise of a new Japan.

Some of the predictions did come true. The stock market bottomed out six or seven months after the disasters at about 8,000 on the Nikkei. It has since roared back to 30,000. And this rise in the stock market has been accompanied by a powerful upturn in earnings.

If you look at corporate earnings per share (EPS), at the end of 2011 the average value stood at about 30; by end-2018 it had surged from 30 to 125. So, Japan’s market recovery is not a bubble blown up by Bank of Japan liquidity, but based on solid fundamentals.

Did corporate Japan actually restructure and change?

I believe the answer is absolutely, yes. There’s real substance behind what has happened in corporate Japan since 2011, and I do think that it was clearly the March disasters that were the catalyst.

An added factor were the floods in Thailand, which happened soon after March 11. A lot of industries—particularly automotive and parts—were very dependent on Thailand. The two disasters compounded, and corporate leaders were left with no choice but to rebuild and restructure in both Japan and Asia.

We often forget that 2011 was really the first time that worries about supply chains, and the need for supply chains to be diversified, came through; and the destruction in Japan and in Asia allowed leaders to make drastic changes in probably a much more decisive way than under “business as usual” conditions.

The results are impressive: 10 years ago, at the time of the earthquake, about 50 percent of the profits from Japanese corporations came either from exports or offshore production. Over the past 10 years, that has grown to 63 percent. You’ve seen the drive particularly into Asia-Pacific and the People’s Republic of China, with corporate Japan becoming more global in general, more Asian in particular.

Would that have happened without the earthquake? I think absolutely, yes—simply because China and Asia are growth markets. Was the earthquake a catalyst to accelerate that trend? Again, the answer is absolutely, yes.



Jesper Koll

Senior advisor
Wisdom Tree Japan



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How have disasters influenced government?

The worry that I raised in the 2011 article is that the earthquake would become a trigger for bigger government rather than smaller government. And I believe, whether we like it or not, that unfortunately that has been borne out.

Clearly, there is a need for the government as a helping hand, a need for the government as a support mechanism. There's absolutely no question about that. But I do think that, in terms of rules and regulations, certainly the major bureaucracies—particularly the Ministry of Economy, Trade and Industry (METI)—have felt empowered by the earthquake to work harder for the common good. In fact, this move towards big government is currently being turbocharged, not just by Covid-19 but, more importantly, by the growing concern over national security, vis-à-vis the People's Republic of China.

I'm always optimistic about Japan—and I think it's absolutely right to be so—but the worry is that the helping hand from the government starts to be overextended and begins to stifle and strangle the innovation potential of the private sector. Unfortunately, I think that the worry that we raised 10 years ago still stands,

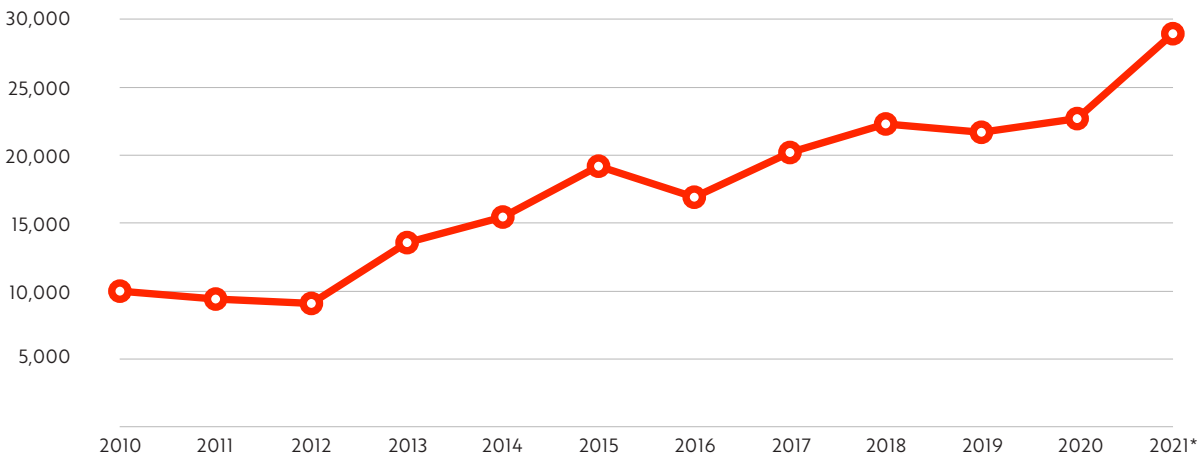
Might Covid-19 cause more restructuring?

Yes, and this is very interesting. The tsunami forced incredible human tragedies and suffering in a huge area; but for industry the impact was actually limited to a few specific sectors, such as car parts, electronic components, and, of course, utilities. Less than 10 percent of Japan's productive capital was affected.

In contrast, the Covid-19 crisis is much broader, because it affects everybody and all aspects of the economy. It affects you whether you're a small drugstore, a little flower shop, a hairdresser, a big accounting firm, a financial corporation, a car maker, or any other type of business. Nobody can hide from the pandemic.

For Japan, I see the Covid-19 crisis as a broad-based catalyst to break up old work habits. That, to me, is actually the most interesting dynamic going on over the past year. All of a sudden, the corporate culture in every company—whether it's a small or medium-sized enterprise or a large corporation—has changed. The deep-rooted Japanese work culture—the social pressure to be in the office, the rigid communications protocols and decision-making procedures—all of a sudden all these had to change, had to be re-invented. Now the 55-year-old *buchō* (general manager)

Nikkei 225 Average



* Data through March 17, 2021. Source: Macrotrends

and probably has grown because of Covid-19 and the intensifying national security debate.

It's interesting, because nobody talked about national security right after March 11. This was a home disaster, this was an act of God, and we have to *gaman suru* (persevere), support the victims, and let entrepreneurs and business leaders do the rebuilding. Now, 10 years later, the role of the government has grown substantially and so has its interference in private business and investment decisions—whether it's those of Japanese companies or global multinationals.

Obviously, the national security aspect is of fundamental importance; but unlike the United States, where the National Security Council and the Pentagon drive the agenda, in Japan it is METI and the Ministry of Finance that spearhead policy initiative. The risks are high that, in the name of national security, other agenda items actually drive economic policy. And this is something that we need to worry about over the next decade.

needs to invent new ways to keep his staff motivated while on a Zoom call; and, quite frankly, the 55-year-old probably didn't know what a Zoom call was until the crisis began. All of a sudden, all the outdated procedures and rules and norms of how business is supposed to be done are changing. It's a huge challenge and a once-in-a-lifetime opportunity.

But if there's one thing that we know about Japan, it's that rising to challenges is what makes Japan great. I firmly believe that Japan actually never wastes a good crisis.

I'm very, very bullish that Japan will be much stronger in the post-Covid 19 world; and even more so than after the tsunami disaster, this time the strength will come from genuine restructuring in all sectors of the economy, especially the services and non-manufacturing ones, not just the manufacturers.

Might border closures pull manufacturing back home?

Absolutely not. Just look at the data. METI, in the name of national



Photo: Petty Officer 1st Class Matthew Bradley [CC BY-SA 2.0]

Members of the Fairfax County, Virginia, Urban Fire and Rescue Team search downtown Ofunato for survivors on March 15, 2011.

security, is trying to encourage people to close shop in China and come back to Japan; but nobody's doing it. And why would you? It just does not make any sense. Anybody who manufactures things must be as close to the end-customer or consumer as possible. So, I think that there's a narrative, from the national security perspective, that people like to spin. But for all intents and purposes, again, your growth is abroad.

I'm the bullish guy on Japan, and I forecast, over the next 10 years, an average one-and-a-half-percent growth in gross domestic product. If you're the bearish guy on China, that growth is four percent. If you're bearish on India, it's about three percent. So, even

delayed by a week or so. I get all that, but the overall flexibility and dynamism of the global supply chain over the past 12 months has been absolutely astounding.

I realize that this goes counter a little bit to some of the ways in which METI and the government would like to spin the narrative, but it's like food self-sufficiency. Japan produces 40 percent of its food; the rest is imported. It's just the nature of the game. It's impossible to get Japan to food self-sufficiency. So, actually, the most constructive way to raise Japanese national income, and the purchasing power of her people, would be to speed up food-product import liberalization.

IF THERE'S ONE THING THAT WE KNOW ABOUT JAPAN, IT'S THAT RISING TO CHALLENGES IS WHAT MAKES JAPAN GREAT.

if you use the bearish baseline assumptions for non-Japan, there is absolutely no question where the growth is. And to succeed in them, it is imperative to be as close to your buyers and customers as possible.

Also, Japanese business leaders are fully aware of the single most important megatrend driving global opportunities: the growth of the middle class in Asia. There is a wonderful statistic from the International Monetary Fund that predicts, over the next five years, that 92 percent of global growth will come from the rise of the Asian middle class. And I don't serve the Asian middle class by manufacturing in Kagoshima. Sorry to be very blunt about it.

Right now there is a big narrative that supply chains must be diversified. But if you talk to tech companies, they say: "Excuse me, my supply chain is diversified. What are you talking about?" That's one of the lessons, ironically, of the coronavirus pandemic. Everybody talks about a crisis of capitalism, but it's not in the supply chains. Maybe there are a couple of screws missing for a specific windshield wiper model, or some electronic components

And that applies to many other areas, correct?

Exactly. You've obviously got the whole energy debate, the environmental debate, and other debates that are coming to the fore. I think it's relevant to the rebuilding of Fukushima.

Ten years ago, the sort of guidelines related to environmental friendliness—for environmental, social, and corporate governance (ESG) considerations—were much, much looser than they are today. To rebuild something today, to make an investment, the pressures to be ESG compliant have obviously gone up quite tremendously.

This is not only in terms of the oversight and constraints by the government, from added rules and regulations, but increasingly from investors. It's not just the government that promotes ESG, it's also the investment community. From that perspective, I think the overall freedom to rebuild has certainly come down. I very much believe there is a lot of good in the ESG and STI guidelines to promote more sustainable development; but it is also certain that, for you and me, as businesspeople and entrepreneurs, rebuilding Tohoku after the tsunami was a little easier than rebuilding will be after Covid-19. ■

3/11

を心に刻んで

IN MEMORIUM

To mark 10 years since the Great East Japan Earthquake and Tsunami, the American Chamber of Commerce in Japan (ACCJ) presents a selection of articles published in *The ACCJ Journal* during 2011. These stories chronicle the chamber's experiences and response.

From Disaster to a New Japan

Jesper Koll details the economic path to recovery for post-Tohoku Earthquake Japan. (May 2011)

Rising to the Challenge

Then-ACCJ President Michael Alfant describes how the chamber responded in the aftermath of the Tohoku earthquake. (April 2011)

Friends in Need

Lt. General Field and the Story of Operation Tomodachi, the historic joint effort between US and Japanese forces to aid Japan in one of its greatest times of need. (September 2011)

Remapping, Re-envisioning, Revitalizing

Seth Sulkin examines the future of Japan's population and resource allocation in the wake of the Tohoku earthquake. (May 2011)

Corporate Social Responsibility

ACCJ member companies on the ground in disaster relief post 3/11. (July 2011)

Doing Good after the Disaster

Vicki L. Beyer, then-ACCJ vice president and chair of the International Affairs Advisory Council details the distribution of funds from the ACCJ Disaster Appeal. (August 2011)

Getting Your Hands Dirty

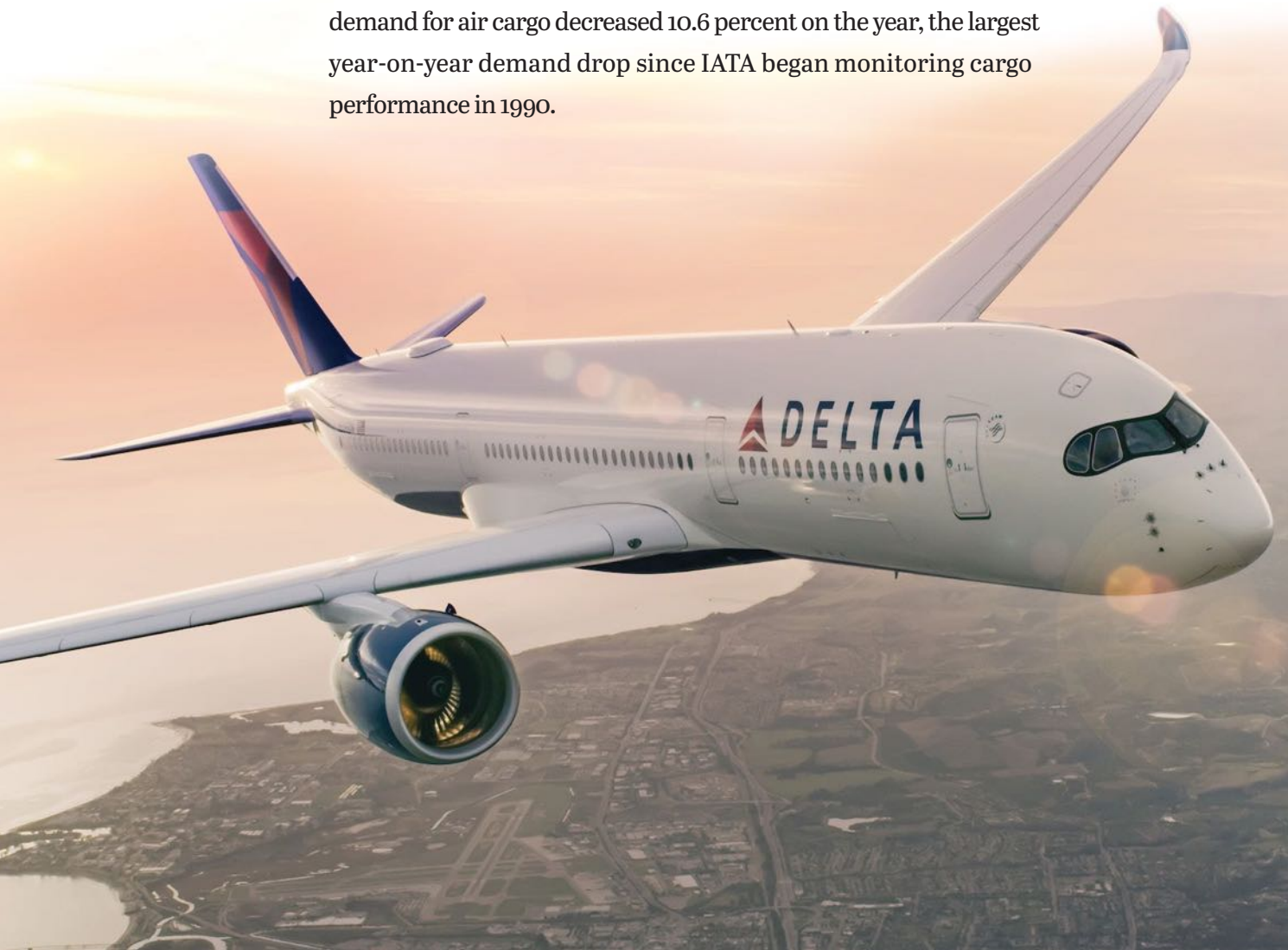
ACCJ members engage the Japanese community by helping out in Tohoku. (July 2011)

To read these thoughts from chamber and industry leaders, visit: accj.or.jp/311-in-memorium.

PEOPLE AHEAD OF PROFIT

HOW DELTA CHARTED A SAFE PATH THROUGH THE PANDEMIC

For airlines, 2020 was little short of an unmitigated disaster. Industry statistics show that, compared with the previous calendar year, international passenger demand collapsed 75.6 percent—the sharpest contraction in aviation history—with domestic demand down 48.4 percent. Figures from the International Air Transport Association (IATA) also indicate that in 2020, demand for air cargo decreased 10.6 percent on the year, the largest year-on-year demand drop since IATA began monitoring cargo performance in 1990.



And, while a good amount of the news surrounding the coronavirus pandemic that has emerged in March has been positive—with the number of new cases falling markedly in many countries, vaccines being administered, and the effectiveness of the drugs higher than anticipated by the experts—the outlook for the aviation sector is still fairly bleak.

Bookings for future travel made in January, for example, were down 70 percent on the figure for the same month last year, putting further pressure on the cash positions of many airlines and, potentially, impacting the timing of the anticipated recovery.

Bright Spots

Amid all the doom and gloom gripping the industry, however, some bright spots stand out. One of the very brightest has been the commitment demonstrated by Delta Air Lines, Inc. to ensure that its customers and employees are protected and still able to fly to the destinations that they need to reach.

“We had a really good 2019 and things were looking positive—and then the pandemic broke out and, like everybody, we had to make some difficult decisions on short notice,” said Victor Osumi, managing director and president of the Atlanta-headquartered airline’s operations in Japan.

“I can say that 2020 was the most difficult in the company’s history, and that just underlines how badly

In a statement, chief customer experience officer Bill Lentsch said: “We want our customers to have complete confidence when traveling with Delta, and they continue to tell us that more space provides more peace of mind.

“We will continue to reassess seat-blocking in relation to case transmission and vaccination rates, while bringing back products and services in ways that instill trust in the health and safety of everyone on board. That will always be Delta’s priority,” he added.

In January, the Airline Passenger Experience Association (APEX) and aviation marketing consulting firm SimpliFlying Pte. Ltd. announced that Delta had earned the Diamond rating for airline cleanliness and safety. The rating, which means the airline has achieved hospital-grade cleanliness and sanitation levels, is the highest in the industry and was part of a new and independent study of standards at airlines.

Announcing the award—and citing his own experiences—APEX CEO Dr. Joe Leader said, “Delta Air Lines’ Diamond-level focus on continuously advancing customer health safety has been a shining example through Covid-19.

“Beyond Delta’s certification, I have consistently witnessed their flight attendants’ commitment to safety and care on dozens of flights with my family during the pandemic,” he added. “Polite mask checks over nose and mouth occur like clockwork on each pass. On our Delta



Victor Osumi
Managing director
and president of
Japan operations
Delta Air Lines, Inc.

ACCJ Governor

IN FEBRUARY, THE AIRLINE HIRED WORLD-RENOWNED CARDIOLOGIST DR. HENRY TING AS CHIEF HEALTH OFFICER—A FIRST FOR A US AIRLINE.

the pandemic has impacted our business,” he told *The ACCJ Journal*.

Delta very quickly grasped a number of fundamental challenges associated with the pandemic. These included that there was a good chance it would not be a minor outbreak and that it could linger for some months—a prediction that, unfortunately, was correct—and that it had the potential to change the face of commercial air travel forever.

Safety First

Osumi said the airline’s relative success during the difficult days of the pandemic are the result of “the efforts of everybody at the company,” combined with exacting cost discipline, listening to the needs of customers, and taking the opportunity to implement changes that provide a better and safer flying environment.

“Delta has always put people ahead of profit, but we applied that even more in this situation,” said Osumi.

In April 2020, Delta opted to improve passenger safety by blocking middle seats in three-seat passenger configurations, even though the measure meant a sharp decline in passenger numbers. The airline is the only US carrier to have announced that it is continuing that policy, and will do so at least until April 30, to ensure that passengers can plan and book their spring travel.

flight last week, the lead flight attendant added that they would be regularly checking and cleaning the lavatory for added customer safety.”

Clean Team

Osumi points out that Delta launched the airline’s first Global Cleanliness Division, putting in place no fewer than 100 layers of protection across aircraft and ground facilities to ensure a safe experience for customers and employees alike.

Known as the Delta CareStandard, the measures include blocking middle seats, regularly sanitizing high-touch surfaces, requiring masks throughout the journey, and replacing onboard industrial-grade high-efficiency particulate air (HEPA) filters twice as often as recommended.

Delta is also collaborating with the Mayo Clinic and RB, the manufacturer of Lysol, and has deployed teams of “clean ambassadors” charged with installing hand sanitizer stations and Lysol Disinfecting Wipes at customer-facing areas on aircraft and in airports.

That attention to detail is critical, said Shashank Nigam, CEO of SimpliFlying.

“Delta Air Lines has raised the bar for health safety in the industry by initiatives such as [adenosine triphosphate] devices to assess the surface cleanliness,



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accj.or.jp/sound



DELTA LAUNCHED THE AIRLINE'S FIRST GLOBAL CLEANLINESS DIVISION, PUTTING IN PLACE NO FEWER THAN 100 LAYERS OF PROTECTION ACROSS AIRCRAFT AND GROUND FACILITIES.

antimicrobial LED lighting above lavatory sinks and countertops, and oversight by a dedicated management team,” said Nigam. “Taking such hospital-grade measures in ensuring health safety will help bolster trust among travelers.”

In February, the airline hired world-renowned cardiologist Dr. Henry Ting as chief health officer—a first for a US airline. In his most recent role as Mayo Clinic’s enterprise chief value officer, Ting became familiar with Delta both as a long-time Medallion customer and, more recently, a primary Covid-19 advisor who helped shape Delta’s response since the early days of the pandemic.

Reassurance

In Japan, Osumi starred in an informational video that was filmed at Tokyo’s Haneda International Airport, but shown at all airports in Japan from which Delta flies. The video was also made available through social media channels.

“We wanted to explain the measures we have taken to our customers and thought this would be the best way of getting the

message across,” he said. “We wanted to show just how safe flying is now, as well as the security and health measures we have implemented, including with the cooperation of the airport.”

In another initiative, the airline has conducted webinars with partner companies to explain the new safety steps that have become standard. A Delta pilot is involved in communicating that message during these events.

As well as looking after its customers, Delta has gone out of its way to take care of its own people, Osumi emphasized.

The company was able to avoid involuntary furloughs of US employees by offering generous voluntary separation and early retirement programs, periods of voluntary unpaid leave, job sharing, and other initiatives.

The airline also introduced an extensive program through which to test employees for the virus, while simultaneously helping to ease the strain on the health system by offering free flu shots to all US-based staff. In addition, all Delta employees diagnosed with Covid-19, exposed to the illness, or designated as high-risk were the subject of pay protection programs.



Diversity and Inclusion

Away from the impact of the pandemic on its staff, the company also took steps to address racial inequality in society, with a commitment to double spending with Black-owned businesses and to double the number of Black officers and directors by 2025.

Other initiatives include enhanced employee inclusion training and joining forces with organizations that advance equity and justice, such as the non-profit Operation Hope, which promotes financial literacy, and OneTen, a coalition of 37 CEOs from diverse industries who have come together to upskill, hire, and advance one million Black individuals in the United States over the next 10 years into family-sustaining jobs with opportunities for advancement.

As a direct consequence of these changes, Delta Air Lines was in 2021 recognized for the fifth consecutive year as one of the best places in the United States to work, ranking seventh on a list of 100 large companies—the highest position Delta has ever reached.

Preparing for Recovery

In March, Delta is operating 11 flights a week between Japan and the US—primarily connecting Tokyo with Atlanta, Detroit,

and Seattle—and that number will rise to 15 in April. The airline's Nagoya–Detroit route is scheduled to resume in April, with Osumi saying it is important that the two nations' auto industries be connected again.

Delta's routes linking Tokyo with Honolulu, Portland, Los Angeles, and Minneapolis remain on hold, he confirmed, but will resume as soon as conditions permit.

In preparation for that, Delta will open its latest Sky Club facilities at Haneda to ensure “the best possible customer experience,” Osumi said, while upgraded aircraft are also being introduced to the fleet.

“The events of 9/11 changed the way we fly today, with security requiring that we examine laptop computers and not take drinks bottles air-side of an airport,” he said. “And it is the same now. We have introduced more than 100 safety measures because we see the longer-term vision and we want to be the industry leader.

“We also see this challenge as an opportunity to build awareness of just how safe it is to fly and about flying with Delta,” Osumi added. “The industry will bounce back, and we are confident that we have done everything to build trust and confidence in Delta so that we will be ready.” ■

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YEAR OF UPHEAVAL

LOOKING BACK AT THE IMPACT OF COVID-19
AND AHEAD TO RECOVERY

A year ago, we were suddenly plunged into a new reality: working from home, isolated from colleagues, figuring out virtual communication, wondering how long this pandemic would last, as well as how it would affect our businesses, families, and the world.

With vaccines now being rolled out and cases on the decline, the end may be in sight. But Covid-19 has been a grueling experience. It's taken a toll on us personally and on many of our businesses. It has probably changed forever the way we work and live. It's also made us value many things we took for granted and has given us some unexpected gifts and benefits along the way.

In this three-part series on the pandemic, *The ACCJ Journal* interviewed about 20 members of the American Chamber of Commerce in Japan (ACCJ) from a variety of industries about their experiences and outlook for the future. Part 1 focuses on the business impact—the specific challenges, adjustments, and how this crisis compares with past disruptions. Part 2 will explore people's personal experiences coping with the outbreak. And Part 3 will take a look at the road ahead.

Part I: The Experience

Business Impact

While Covid-19 has disrupted everyone's life, it had a markedly different impact on businesses depending on the industry. Hardest hit have been those that rely on the free movement of people—travel, hotels, transport, high-end retail, events, and outside entertainment. Also taking a toll has been Japan's decision to ban tourists from entering the country, and previously foreign residents from reentering, a move that the ACCJ lobbied hard to overturn.

Likening the situation to a form of *sakoku*, Japan's 215-year period of national isolation (1639–1854), Thomas R. Shockley, chief executive officer of travel business DocuMonde Inc. and co-chair of the ACCJ Independent Business Committee, said the pandemic hit them far harder than the two most recent major crises: the 2008–09 Lehman shock and the Great East Japan Earthquake and Tsunami of March 11, 2011, that also resulted in a nuclear disaster. But like many ACCJ members, DocuMonde found new opportunities amid the chaos and quickly pivoted.

Previously, its business had focused on providing software solutions for corporate travelers. With the advent of new travel requirements—a polymerase chain reaction (PCR) test for Covid-19, health declaration forms, and submission of detailed itineraries—many outbound Japanese travelers found it difficult to complete the required forms in English. So, the company retooled their patented software to convert on the fly information that was input in Japanese into the required English eforms. “Many years ago, I learned that when the government changes policies, new business opportunities arise; so keep your eyes open, I have always told myself,” Shockley said. “So, it is with DocuMonde in 2021.”

Taking a Hit

The switch to providing online instead of in-person services took a toll on Dale Carnegie Training Japan—but not because the company couldn't make the change quickly. Virtual formats had been used in Dale Carnegie's US offices for 10 years, and Japan-based staff got trained in a matter of days, said President Greg Story.

The problem was that it took months to convince Japanese clients that online training was an effective format for training. “There was a lot of ‘seeing-is-believing’ needed,” Story said. “What we do is so different, so dynamic, and highly interactive, but clients are imagining boring slideshows with talking heads.”

Story made a decision to keep everyone together on the team, not fire anyone, and take the hit. But it was a big hit, with sales having dropped 90 percent in April, May, June, and July, he said.

With everyone scattered, a recurring challenge cited by many team members was the difficulty of maintaining regular communication and a sense of team spirit. Story, for example, required all staff to meet online at 9:00 a.m. each day dressed for work—

no pajamas. They could also meet again at an optional 3:00 p.m. session to chat over coffee.

For public affairs consulting firm Langley Esquire, the outbreak kept staff busy as the crisis brought a host of new inquiries from companies seeking information on government policies and how Japan's corporate landscape might change. But working from home made that sort of interactive, collaborative work more difficult, and staff had to adopt new tools and practices to continue working effectively, according to President Timothy Langley.

After the pandemic hit, Amazon Japan G.K.'s management met every morning to identify actions for the day, said Director of Public Relations Midori Kaneko, asking questions such as: How can we assure the safety of employees who are on the ground? How can we fulfill our promises while demands are changing?

Seth Sulkin's Pacifica Capital K.K., which owns hotels, shopping malls, and a movie theater, saw sales plunge in 2020. Two hotels that opened last year struggled, and most of his hotels were barely getting 10-percent occupancy. Sulkin cut expenses as much as he could, and government subsidies helped some, but “nobody can be profitable at 10-percent occupancy,” he said. “You just try to preserve cash for as long as you can until things recover.”

Sulkin believes the pandemic has had a broader impact on Japan's economy than either the 2008 Lehman crisis, during which the pain was concentrated in the finance and real estate sectors, or the 2011 earthquake, tsunami, and nuclear disasters, after which the economy started to recover within about six months.

“The Lehman shock was more isolated. It was very severe, but for fewer industries,” he said. “Now you've got the restaurant industry, the tourism industry, events, weddings, banquets. It's surprising the number of industries that have been really devastated by this.”

But for his particular business, the Lehman shock was worse, largely because several of his loans matured in 2009 and banks refused to lend him more money, putting his entire operation in jeopardy.

“Unquestionably, 2009 was the worst year of my life, far worse than 2020,” he said. “Every day I would wake up and everything was bad. Tenants would go bankrupt, or they would ask for rent reduction, or they would terminate a lease, or we'd have a loan maturing and the bank didn't want to lend us new money,” he said. “I was just battling to stay alive.”

This time around, his cash flows have fallen more, but Sulkin isn't facing existential threats and believes his businesses will bounce back once the outbreak subsides.

Born of the Pandemic

Sulkin also discovered a new business idea amid the gloom. Noticing that many of his favorite restaurants in Tokyo didn't deliver because the food quality couldn't be guaranteed, he started Food-e, a home delivery service for gourmet cuisine. It filled a gap for high-end restaurants as well as for customers stuck at home who wanted a tasty meal. Sulkin said he did it partly to



Thomas R. Shockley
CEO
DocuMonde Inc.



Greg Story
President
Dale Carnegie
Training Japan



Midori Kaneko
Director of
public relations
Amazon Japan G.K.



Amway's Mark Davidson at work in his home with personal assistant Nori.



Seth Sulkin
CEO
Pacifica Capital K.K



Mark Davidson
Director of government
and external affairs
Amway Japan GK

save his favorite restaurants, but it's proving a successful venture as well.

"It's a great public service as much as a business," he said. "Food-e was born out of the pandemic and is benefiting from it in the sense that people are not eating out. So that makes life better. But it still doesn't make life what it used to be."

Other ACCJ members said the pandemic has had limited impact on their businesses, and some even said they ended up growing last year. Kiran Sethi, president of trading company Jupiter International Corporation, said that, while supply chains did get

to adjust operations, serve people's needs, and grow the business," Davidson said.

Amazon Japan allowed its employees to work flexible hours, and from home, so adapting to the pandemic was relatively smooth and they have had the tools they require to do their job in their hands, said Kaneko. "Today, about 90 percent of our employees whose job allows them to do so are working from home," she said.

Managing Expectations

Likewise, real estate company Pembroke, which developed the Tri-Seven Roppongi office building, had shifted

"MANY YEARS AGO, I LEARNED THAT WHEN THE GOVERNMENT CHANGES POLICIES, NEW BUSINESS OPPORTUNITIES ARISE; SO KEEP YOUR EYES OPEN."

disrupted, his business delivering goods to low-cost retailers, supermarket chains, drugstores, and on-line retailers benefitted from changing buying habits among consumers.

A combination of prescient strategic decisions and blind luck helped Amway Japan GK emerge "stronger, more profitable, and growing faster" than a year ago, said Mark Davidson, the company's director of government and external affairs.

Several years ago, Amway had set out to become more of an e-commerce business, reconfiguring its product line around health and wellness, and introducing remote work policies to attract talent, he explained. "When the pandemic hit, we were perfectly positioned

to Zoom meetings in late 2019, so adjusting to working from home was not a big deal. "We were all trained, not knowing we were going to need it so much," said Gordon Hatton, vice president of Asia-Pacific development.

But adjusting employees' expectations to a long period of teleworking proved more challenging, he added. "At first, some of them kind of welcomed the novelty of working from home," Hatton said. "But when I told them this was going to last until April, there was a gasp. And this was mid-February."

Initially, staffers frequently asked his permission to go into the downtown office to get documents stamped with *hanko* (seals) or to ship packages by *takkyubin* (parcel services). But those requests

faded as *hanko* requirements were reduced and people simply sent parcels from near their homes. Now, after a year, the novelty of remote work has definitely worn off, Hatton said. “People do want to get back together again.”

In general, though, Hatton feels that Japan’s travails have been “lighter” than the lockdowns and other difficulties he heard colleagues in Britain or the United States describe. “It’s certainly been easier in Japan, and I think people are thankful for that.”

Small Businesses

For self-employed individuals or those at small companies, the crisis tested their ability to adapt and survive—and a number of them said the ACCJ, in terms of practical guidance and a support network, helped them get through this time.

Once the pandemic hit, Catherine O’Connell, who owns her own legal practice, experienced a few client cancellations but quickly pivoted to helping small businesses who were dealing with their own contract cancellations. She also helped them tighten up their existing contracts and began offering educational seminars on how to cope. She had already been working on a hybrid law firm model, so going online was not a major adjustment.

Instead of shrinking back, as she saw some other lawyers do, O’Connell said she deliberately “stepped up her game.” As co-chair of the ACCJ Legal Services and IP Committee, she organized several webinars at the chamber to help members deal with supply chain problems and legal issues, as well as sessions on how to conduct effective webinars. “I found this to be a really important focus for me to contribute to the chamber and to target helping others in pain,” she said.

A self-described extrovert, O’Connell responded to the sudden end of social activities by working with committee co-chair Scott Warren to launch the Wine Down online networking series. Five such events have been held to date. At year’s end, in recognition of her enthusiasm and strong work during the pandemic, O’Connell won three awards, including ACCJ Leader of the Year and Entrepreneur of the Year from the British Chamber of Commerce in Japan.

Annie Chang, who runs her own recruiting agency, AC Global Solutions Ltd, said her sales dropped more than 50 percent last year as people were reluctant to look for new jobs amid the uncertainty. “Our business is about networking with people, preferably in person, so the biggest challenge is to do everything online,” said Chang, who is vice-chair of the ACCJ Independent Business Committee. That required her to invest time and money in boosting her online presence.

Lobbying the Government

Throughout the pandemic, members said they were grateful for the information and webinars delivered by the ACCJ. In addition to valuable insight on the disease and government response, the sessions provided a needed sense of connectedness with others. It was “comforting” to hear other people’s stories and “know you are not alone,” said Chang, echoing the sentiment of many. O’Connell said she found “real companionship and camaraderie” at the chamber. “It was truly a sustaining factor for me to keep going forward in 2020.”

The speed with which the ACCJ shifted to online programs was admirable, said Steve Iwamura, a partner at Deloitte Touche Tomatsu LLC who is also chair of the ACCJ-Kansai External Affairs Committee. And Amway’s Davidson said the chamber’s sharing of best practices amid crises “informed our business continuity planning.”

But more than anything, members highlighted the chamber’s efforts to lobby the Japanese government to lift the reentry ban on foreign residents, which blocked nearly all international travel for businesspeople based in Japan and stranded many overseas. Eventually, after much pressure, the government relaxed those restrictions, but inbound tourists remain banned.

Sulkin at Pacifica Capital said he was “furious” that Japan wasn’t allowing foreign residents to return. “There was a period of several months when people were stuck here. I think that was terrible for Japan,” he said. “As a business owner and an investor in Japan, anything the government does that hurts Japan’s investment environment is bad for my business in the long run. And so, I appreciate what the ACCJ did to advocate and fix the situation.”



Kiran Sethi
President
Jupiter International Corporation



Catherine O’Connell
Founder
Catherine O’Connell Law



Annie Chang
President
AC Global Solutions Ltd



Gordon Hatton
Vice president of Asia-Pacific development
Pembroke



Closed borders have had an impact not only on tourism but on business owners who are foreign residents of Japan.



Anna Maruyama
Technology representative
IBM Japan, Ltd.

Part 2: Personal Impact

For Anna Maruyama, a technology representative at IBM Japan, Ltd., as the pandemic dragged along, so did her spirits. Naturally outgoing, she found the isolation and virtual interaction with clients and colleagues unsatisfying. It was hard to build trust and genuine relationships.

It was also easy to get distracted at home by TV programs and household chores. And with no clear end to her workday, a moment previously marked by leaving the office, Maruyama found herself putting off exercise and yoga. She had never experienced a major crisis while on the job. The 2011 earthquake and the Lehman shock happened while she was in school, so they didn't make a big impression on her. But everything around her now seemed gloomy and foreboding.

Toward the end of last year, she started to feel overwhelmed and a bit depressed. So, over New Year's she resolved to reset some priorities for 2021 and take steps to protect her mental and physical health, including seeking out people with whom she could talk.

"I made it my agenda for this year to make personal time to do yoga or to go to the massage place [I know] and let my muscles relax," said Maruyama, who is also co-chair of the ACCJ Young Professionals Forum (YPF). "I also try to find people who are in the same situation and build a network with them so we can share our stories. Just having a chance to talk about it relieves my stress."

Work Mindset

Maruyama also bought some office furniture and other desk equipment to create a proper home office. That has helped her get in the necessary mindset and has delineated the space between her work and her home. "That helped me a lot."

She also found a great deal of support at the ACCJ—particularly through two individuals and the events they organized. YPF co-chair John Carlson, senior manager of hepatitis strategic planning at AbbVie, was a good role model and got her involved in several networking events.

"He was a wonderful mentor, very adaptable to all these changes that we're going through," she said. "The events he organized worked really well, and he gave me a chance to learn about leadership in this type of difficult situation. I would like to say a big thank you to him."

All these intentional changes have made a big difference, Maruyama said, and now she actually feels healthier than before the pandemic. She has devoted what had previously been her commuting time to studying, learning, and relaxing. She also doesn't go drinking with clients or teammates as much as she used to and generally eats at home. This, she said, has had a positive impact on her diet. "I became healthier. That's the unexpected outcome of this."



When home becomes office, finding work-life balance becomes an even bigger challenge.



Amazon Japan team members look forward to returning to Family Day in a post-Covid new normal.

What's Important

Covid-19 has certainly brought upheaval to our personal lives, from imposing isolation and arousing anxiety to weight gain and coping with kids learning from home. But many ACCJ members said the crisis has brought personal benefits as well—more family time, a renewed appreciation for things we took for granted before, and a rare chance to take a step back and examine our priorities.

“The pandemic forced us to reevaluate our entire lives and day-to-day activities,” said Timothy Langley of Langley Esquire. “Everyone reassessed who and what was important. We sought to reconnect with family and friends through new means and focused on the things that truly mattered.”

Day by day, though, pandemic life can be a grind. Work, family, and personal time often blur together. Debbie Reilly, senior business development and marketing manager at international law firm White & Case LLP, said avoiding burnout has been her biggest challenge.

“THE ACCJ COMMUNITY HAS REALLY SERVED AS A RESOURCE TO STAY UP-TO-DATE ON WHAT IS HAPPENING WITH RESPECT TO COVID-19, AS WELL AS HOW OTHERS IN MY INDUSTRY ARE RESPONDING TO THE NEW CHALLENGES IN FRONT OF US.”

Her teenage children’s school went virtual last March, turning their lives upside down, and Reilly has been working from home for more than a year now. “Work life and home life can merge into a long, long day,” she said. “Without social interaction to break it up, I have to be intentional in finding time for a wellness self-check.”

Throughout the pandemic, Reilly said she experienced a range of emotions, including anger, confusion, frustration, boredom, gratitude, and hope. After more than a year, “I am wary that pandemic fatigue is setting in,” she said. “But I’m also optimistic and looking forward to the day when we can reconnect with friends and family in our new normal.”

Among the various events and webinars held by the ACCJ, Reilly found one especially helpful. Organized by the Women in Business Committee, which she co-chairs, it was designed to help members lead meetings and give online presentations. “We’re in Year 2 of the pandemic and I’m still using these tips,” she said.

Feeling Isolated

The most common personal challenge cited by members was social isolation. “There are people I haven’t seen since the pandemic started, whom I used to see regularly. So, I miss the interaction,” said Pacifica’s Seth Sulkin. “Right now, there are very few events, and restaurants close early. Tokyo is not the vibrant, exciting place it was before.”

Various ACCJ online events, including informational sessions and the Wine Down online networking series, organized by ACCJ Legal Services and IP Committee Co-Chairs Catherine O’Connell and Scott Warren, have helped alleviate that loneliness, members



Steve Iwamura
Partner
Deloitte Touche
Tomatsu LLC



Timothy Langley
President
Langley Esquire



Debbie Reilly
Senior business
development and
marketing manager
White & Case LLP

said. “Staying connected is the one big value that the ACCJ has been providing me,” said Yuka Nakamura, senior brand manager at Eli Lilly Japan K.K.

AbbVie’s Carlson said the chamber “kept me plugged into the world, despite not being able to see others in-person. The ACCJ community has really served as a resource to stay up-to-date on what is happening with respect to Covid-19, as well as how others in my industry are responding to the new challenges in front of us.”

For Barbara Hancock, vice president of corporate communications and event planning company MediaSense KK, the biggest personal concern was restrictions on international travel, particularly how



The pandemic has forced a rethink of packed commutes and how time could be better used for work and family.

it might prevent her from seeing family in the United States. “Worry one was that if a family emergency arose, it might not be so easy to get to them,” she said.

Hancock said one noticeable result of the outbreak is that she rarely goes anywhere for a meeting—and that she can meet a friend online for coffee. While the technology has been helpful, “viewing life through a screen can be depressing,” she said. “My advice is to be positive, keep your contacts up, and don’t accept the screen as normal.”

As chair of the ACCJ Charity Ball Committee, Hancock was glad that the chamber could support many struggling local musicians who performed online during last year’s ball, which took place virtually on December 5. “Musicians depend on live entertainment to survive, and this was a great way to help them and enjoy their performances,” she said.



Yuka Nakamura
Senior brand manager
Eli Lilly Japan K.K.

Overwork

Nakamura said the pervasive uncertainty surrounding the pandemic weighed on her heavily during the initial months, when everyone scrambled for information about the disease. As the government declared a state of emergency, and many schools and offices closed, people quickly had to figure out how to cope at home—and keep things going at work—without knowing how long this new lifestyle would last.

In ensuing months, as information became clearer and Nakamura became comfortable working from home, her stress level declined.

But then a new struggle emerged: overworking. “I don’t have to wrap up and go home to cook dinner, so I can just keep going, going, going,” she said. These days, she works until around 9:00 p.m., when her son comes home from soccer practice and she whips together some dinner. “That’s become my routine, and I’m trying to stop,” she said.



Barbara Hancock
Vice president
MediaSense KK

Overwork early in the pandemic took a toll on the health of O’Connell, leading to a blood vessel in her eye bursting in May. She took this as a warning from her body and decided to prioritize her health. She changed her diet and made a clear break from work during lunchtime, after which she went for a walk every day. She reduced her wine intake, lost weight, and on social media posted upbeat photos of herself, with flowers or plants, wearing various patterned masks.

Investing in people and causes at the ACCJ also played a key role in giving her a sense of purpose, she said. “The deepening of the working relationship with my co-chair, Scott Warren, and with the team who worked on the reentry issues was really so nourishing for me,” O’Connell said. “To be accepted and have contributions recognized because of what I could contribute, and not because of my law firm’s size or my nationality, meant a lot to me and still does.”

Tugboats and Ocean Liners

O’Connell said that before the pandemic, interaction with the chamber governors felt “unattainable,” but she perceived a “softening and welcoming” among leaders as everyone rallied together to get through the crisis. “We were certainly not ‘all in the same boat,’ but were all on the same sea, in different boats, and helping each other—from tugboats to ocean liners,” she said. “To have that camaraderie was really a new experience for me at the ACCJ.”

Timothy Connor, managing director at Japan market analysis and strategy firm Synnovate Advisory and co-chair of the ACCJ Special Events Committee, found that Covid-19 has led to closer ties with his peer mentors and an uptick in phone conversations. “I find myself calling them much more regularly than before. I do believe that the pandemic has ushered in a new fondness for the warmth of voice communica-

tions. Just look at the rapid growth of Clubhouse as an example,” he said, referring to the drop-in audio chat app that is booming in popularity.

Like Maruyama, Connor found it helpful to set up a dedicated workspace in his home. “I can now shift from work mode to off mode by moving from one room to another,” he said. And since it was easy to just sit all day at home, Connor took up walking three or four times a day to break things up and gain some perspective.

Silver Linings

The benefit mentioned most frequently by members was the ability to spend more time with spouses and family. Some unexpectedly hosted university-age children who needed to come home when their college campuses shut down.

During Japan’s initial soft lockdown, Mary Nishikawa, founder of medical writing and content localization consultancy Lexaly Communications and vice-chair of the ACCJ’s Independent Business Committee, said she decided to work on a novel and expand her business to include creative pieces in addition to her usual medical and pharmaceutical reports. “I unexpectedly discovered that the more writing I do, the better I get, resulting in more projects coming my way,” she said.

For people whose businesses didn’t take direct hits from Covid-19, “this virus showed us just how meaningless the custom of daily commuting can be.” That’s how Deloitte Touche Tomatsu’s Steve Iwamura described it, adding, “It has allowed me to go out for a daily one-hour walk, which has been very beneficial for me, and has given me more time to think about how Covid is accelerating change and how these changes will impact all of us.”



Covid-19 has brought long-sought *hanko* reform.

Part 3: The Future

While the coronavirus pandemic has been grueling, it has proved a powerful catalyst for what are probably going to be lasting changes in Japan’s business culture and daily life, many ACCJ members have said. From the adoption of flextime, remote work, and going *hanko*-free, as well as the beginnings of sweeping digital transformation, “it’s unlikely we’ll go back to what we once were,” said Kelly Langley, director at Langley Esquire.

Traditions run deep in Japanese society, and major changes usually are sparked by external forces. Covid-19 has created an “opportunity to take on long-standing barriers in the public sector and home-grown industries.”

Langley sees the biggest opportunities in technology, energy, and healthcare, particularly as the nation’s population ages. “Innovative spaces such as digital health, telemedicine, teletherapy, and pharmaceuticals have seen a surge in demand, and lawmakers are more willing to listen to solutions in these fields. Many of those ideas are coming from foreign players.”

The world was undergoing a digital transformation before the outbreak, “but Covid put booster rockets on it,” said Steve Iwamura of Deloitte Touche Tohmatsu. He predicts that US high-tech companies will play a key role in Japan’s digital transformation and bring in many specialized personnel to achieve it. “That is going to internationalize Japan, in a way where digital fluency supersedes English fluency,” he said.

Prime Minister Yoshihide Suga has announced that digital transformation will be a key goal for Japan. Kaneko said that Amazon Japan wants to support that endeavor. The company has supported entrepreneurs, selling partners, creators, developers, and various public organizations and private-sector companies with digital technologies.

“The level of online shopping in Japan is still low in comparison with other developed countries, but it has grown as a result of the pandemic as well as the spread of cashless payments,” she added. “Amazon can provide low-cost implementation for institutions and companies, including small and medium-sized enterprises, gearing up to digitalize their operations, given that we are already serving 100,000 companies and 150,000 SMEs throughout Japan.”

The coronavirus pandemic has highlighted the importance of innovation—particularly in healthcare—said AbbVie’s John Carlson. “The global biopharmaceutical and medical technology industries have come together to develop novel diagnostics, treatments, and vaccines for Covid-19. I expect this to have a lasting impact on the image of industry.”

Still, IBM’s Anna Maruyama said that, while Japanese companies have realized that they need to change and adapt more quickly, young professionals still feel their ideas and voices really aren’t being heard. “What the ACCJ can offer in 2021 is the advocacy of how our generation’s mindset can fuel companies’ transformation,” she said.



Mary Nishikawa
Founder
Lexaly Communications



Timothy Connor
Managing director
Synnovate Advisory



John Carlson
Senior manager
Hepatitis strategic
planning
AbbVie



Kelly Langley
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The New Office

Even after the pandemic subsidies, members have said, businesses are likely to maintain some form of hybrid system in which employees can work from home and the office. There still will be demand for the office, but its function will change: it will become primarily a place for collaboration, training new staff, and absorbing corporate culture. Crunching numbers and other desk work will be done more at home, said Pembroke's Gordon Hatton.

Also, the pandemic has made it clear that most people do crave real-life interaction with others; social isolation for months on end is no fun—and can hurt morale and corporate culture. “You don’t notice it immediately, but you start to lose those benefits of collaboration, those missed opportunities when somebody might have said something that gave you an ‘aha moment’ which you don’t have when you’re sitting by yourself,” Hatton said.

Expectations about traditional office hours also have probably changed. Employees are likely to adopt more flexible schedules, meaning less of a rush hour, Hatton added. They may work a shorter day in the office and finish up at home, or go into the office fewer days a week, mainly for meetings with team members and clients.

“I THINK THERE’S A LOT OF PENT-UP ENTHUSIASM FOR BUSINESS ... SO, WE COULD FIND THAT WHENEVER THE ECONOMY REVAMPS, IT COULD RAMP UP VERY QUICKLY.”

Office layouts will also change. Companies will move away from using big, rectangular floor plates with desks lined up in tidy rows. Instead, offices will have a more casual, creative feel, with more hot-desking or free seating, and more space for team meetings with lots of whiteboards, Hatton said. “Workplaces will have more character and become more inspiring spaces that will be attractive for recruiting top talent,” he said. “Those are the sort of buildings that will prosper.”

Barbara Hancock at MediaSense believes that, while remote work in various forms is here to stay, she still would like society to move away from “virtual life. The interactions and camaraderie of meeting in person cannot be replaced by a screen.”

Pent-up Enthusiasm

ACCJ members generally had an optimistic outlook for 2021, although there were different views on the speed and shape of the economic recovery. “I think there’s a lot of pent-up enthusiasm for business,” Hatton said. “So, we could find that whenever the economy revamps, it could ramp up very quickly.”

Jupiter International’s Kiran Sethi expects his trading company will come out of the pandemic stronger, partly because he believes some competitors will get weeded out. Sethi said that he hasn’t done anything dramatically different during the outbreak, but he did

realize that his business can be maintained without as much travel as in the past, so he plans to watch future travel budgets carefully.

Seth Sulkin at Pacifica Capital predicted that Japan still has some time to go before a solid recovery begins. “I don’t expect free movement of people for, at the earliest, six months, and probably more like nine months. Not until we see herd immunity in Japan, which I think is going to take until the end of the year.”

When that happens, he looks forward to restaurants staying open until 10:00 p.m., allowing diners to frequent them again. “That will have a great impact on my life. And once events start up again, that will be really nice.”

Sulkin and Langley were confident that the Olympics would take place this summer—although Sulkin predicted that inbound tourists probably won’t be allowed to enter the country, and athletes and staff will be restricted in their movement. “The government is just so committed, and the IOC seems to have agreed,” he said. “I think with the trends we’re seeing now, and with the positive impact of the vaccination, infection rates are declining globally rapidly.”

Defeating a global scourge such as the coronavirus could give new impetus, Hatton believes, to addressing another looming global problem: climate change. “I’m optimistic that this will be front and center,” he said.

“We’ve had an issue that, for better or for worse, the nations of the world have been working together to try and solve. And climate change is that same kind of issue. Hopefully there will be some good lessons that come out of this.”

Hybrid Events Wanted

Annie Chang, at recruiter AC Global Solutions, would like to see the ACCJ offer practical help for SMEs such as her outfit as they try to recover.

One untapped market that Synnovate Advisory’s Timothy Connor noticed during the pandemic and travel ban was the need for locally based interim or temporary general managers (GMs). Examples include when the new GM cannot enter the country or when the current GM needs to be replaced, but there is no one to step in, he said.

Many members urged the chamber to expand hybrid events as soon as it is judged safe to do so. “None of us have been to a live luncheon or a gala or anything like that in the past 12–14 months,” Hatton said. “I think there’s a big demand for social and networking events.”

Catherine O’Connell urged the ACCJ to schedule more events this year that are purely for networking—not a “tag on” at the end of a speaker or panel event. “I’d like to see dedicated events for structured yet fun ACCJ networking that use QR codes or other electronic means of exchanging business cards.” ■



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Supporting the US–Japan Alliance

Secretary of State Blinken and Secretary of Defense Austin visit Japan

On March 16–17 in Tokyo, US Secretary of State Antony J. Blinken and Secretary of Defense Lloyd J. Austin III attended the US–Japan Security Consultative Committee (2+2) meeting hosted by Japan’s Minister for Foreign Affairs Toshimitsu Motegi and Minister of Defense Nobuo Kishi. Secretary Blinken met with Motegi and other senior officials to discuss a range of bilateral and global issues, and met virtually with business leaders to highlight the importance of US–Japan economic ties and to discuss the economic impact of Covid-19. He also hosted a virtual roundtable with emerging Japanese journalists to discuss the future of the US–Japan alliance, the role of a free press in promoting good governance and defending democracy, and the widespread benefits from advancing gender equity and opportunities for women worldwide. ■



2021 Japan Tax Reforms

Changes to the scope of inheritance and gift tax for some foreign nationals

Japan's 2021 tax reforms include minor changes to the scope of inheritance and gift tax for non-Japanese nationals in an effort to increase the attractiveness of Japan as a financial hub.

In 2018, in response to sentiment from the domestic industry, a new category called “temporarily domiciled foreigner” was introduced to reduce the scope of inheritance and gift tax, in order to increase the attractiveness of Japan as a destination for senior executives.

Under this category, non-Japanese nationals—who had worked in Japan under a visa status in the Immigration Control and Refugee Recognition Act Appended Table 1 (which includes investor/business manager, intracompany transferee, and specialist in humanities/international services) and who had maintained a *jusho* (similar in concept to a residence) in Japan for fewer than 10 of the prior 15 years—were only subject to inheritance and gift tax on their assets located in Japan for certain gifts and inheritances. Previously, their worldwide assets had been within the scope of Japanese inheritance and gift tax.

The 2021 tax reforms further relax the scope to remove the residence period requirement, so longer-term residents will benefit. The new category will be called “foreign nationals with applicable visa status.” It is likely that the change will go into effect on April 1.

The proposal is that only the visa status requirement will remain. This would mean that taxpayers who reside in Japan for more than 10 of the previous 15 years benefit from the reduced scope.

How does it affect you?

The simplified chart below shows the new treatment. The obligation to pay Japanese inheritance and gift tax falls on the heir or the recipient of the gift, and the scope of the tax depends on: the domicile, visa status, and nationality of the heir/donee; the

domicile and visa status of the decedent/donor. Before the proposed changes, long-term foreign residents had to factor in that their heirs would be subject to Japanese inheritance and gift tax on assets located worldwide, making lifetime gifts a potentially inefficient tax option. Now, those long-term residents with a qualifying visa can leave or gift overseas assets to:

- Other long-term residents with an applicable visa
- Non-resident non-Japan nationals
- Japanese nationals who have lived outside Japan for more than 10 years

The first category can apply to family members living together in Japan, and the others to children who work abroad and adult offspring residing overseas.

Planning Opportunities

If a long-term resident holds a qualifying visa, the new changes offer estate-planning opportunities. The reduced scope of inheritance tax means that overseas assets can be left to overseas non-Japanese national heirs—as well as heirs who are Japanese nationals but have not lived in Japan for more than 10 years—without inheritance tax being due in Japan.

Additionally, the reduction in scope of gift tax means that planning for lifetime gifts and trust transactions can be made for overseas assets without the prospect of incurring punitive gift taxes in Japan.

In the past, the options for long-term foreign residents have been limited, as they were taxed in the same way as resident Japanese nationals. The new changes to the scope of the taxes—while ostensibly aimed at increasing the attractiveness of Japan to foreign executives—will also widen the scope for tax planning for certain long-term residents. As ever, if you think you would benefit, make sure to seek professional advice. ■

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Eiji Miura is a partner at Grant Thornton Japan specializing in succession planning and international inheritance/gift taxation for high-net-worth individuals.



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		Foreign national with applicable visa status	Japanese national		No Japanese nationality		
			Domiciled in Japan within the past 10 years	No domicile in Japan within the past 10 years			
Domicile in Japan							
	Foreign national with applicable visa status						

Worldwide assets fall within the scope of Japanese inheritance and gift tax.

Only assets located in Japan fall within the scope of Japanese inheritance and gift tax.



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Corporate Sustaining Member Companies

The ACCJ thanks these organizations for their extensive participation, which provides a cornerstone in the chamber's efforts to promote a better business climate in Japan. Information as of March 22, 2021.

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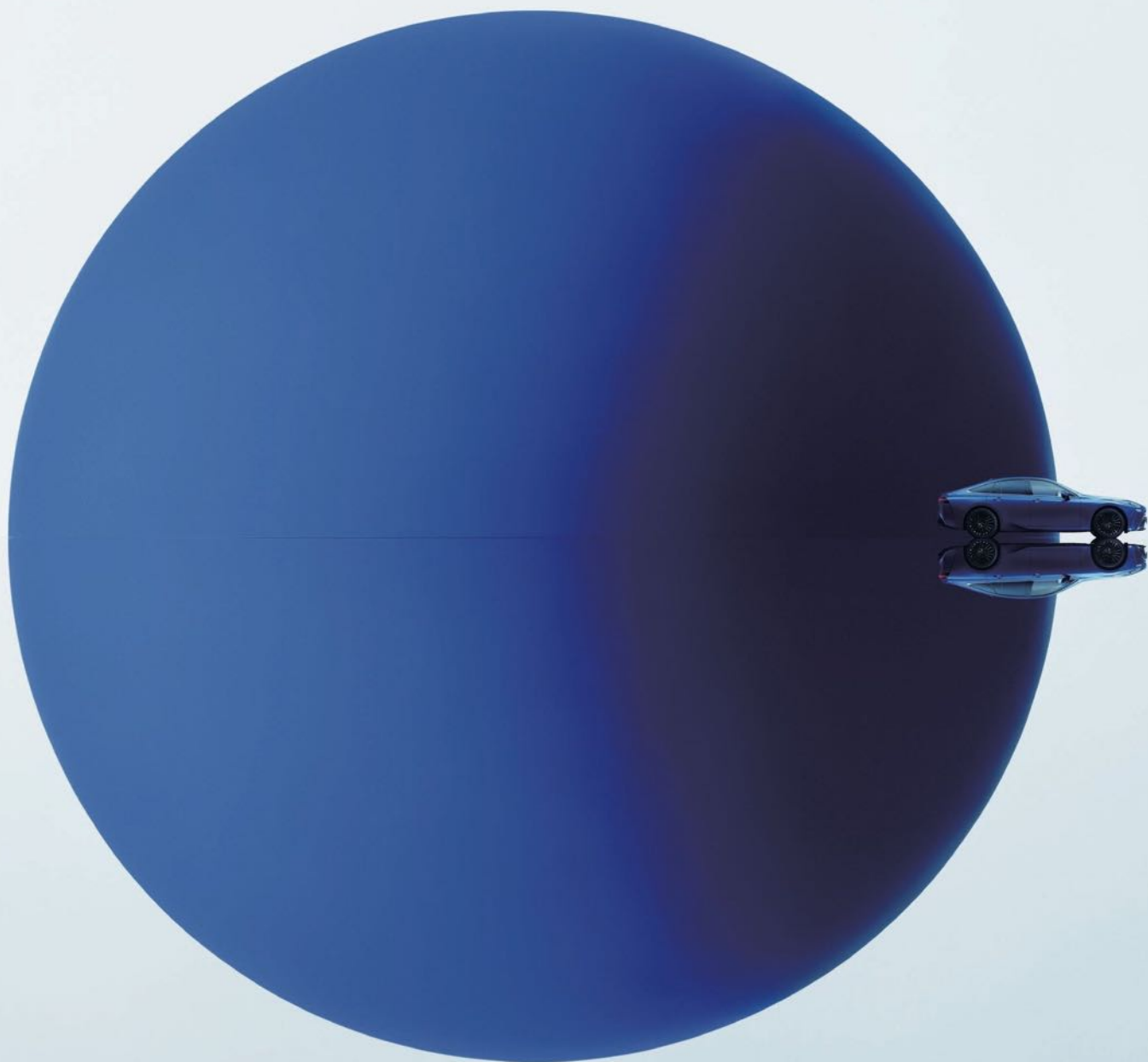
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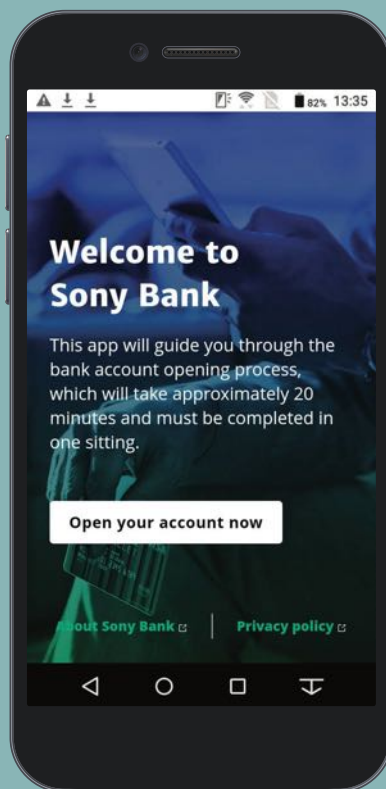
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