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# DIGITAL DIVIDE



Christopher Bryan Jones  
chris@custom-media.com

**As we begin another year, it's time not only to reassess how we approach our work and personal lives, but also how technology is changing them.**

Of course, this is nothing new. I got my first computer at the age of 10, in 1982, and devices such as smartphones and tablets have been rewriting the rules of communication and workflow for more than a decade. But the pace at which this technology infiltrates every aspect of life is growing ever more rapid, and I believe we are at the precipice of a generational chasm.

## TWO TECHS

On one side of this chasm are those of us who grew up with desktop computers. On the other are children who are digital natives—and not just digital natives in the sense of being born into a world of

computers, but a world in which the primary interfaces are touch and voice.

Apple Inc. has long promoted its iPad tablet as a computer replacement. Until this year, I have seen this as a tenuous argument. For those who merely browse the web and use email, this might work. For professionals, however, iPad and its iOS operating system have not offered the power or versatility required to get real work done. But this has changed with the latest generation of iPad Pro, which I am now using, and with the new release has come commentary from tech pundits that convinces me a massive shift is upon us.

## PAST PROLOGUE

This commentary can be summed up as, “But, on iPad, I don’t have this application or that menu option that I have on Mac.” This usually comes across as whining, but I get it. I feel the same way.

But why? I know it is because I have spent 36 years doing things with a keyboard, mouse, and interface first developed by Xerox PARC in 1973. The children of today aren’t burdened with that history. For them, the touch interface is simply how things work. It’s natural. Have you ever watched the

two- or three-year-old in your family walk up to a television and try to tap the screen? That’s all you need to see.

## TAKE MY HAND

The reality is that the children of today must navigate a prickly landscape where technology’s past and present bump against one another, creating a thorny mix of promise and frustration. The former belongs to their world, the latter to ours.

Whether we adopt new tools or stick to our tried-and-true methods is a choice we each must make. But, as we explore starting on page 24, we have a responsibility to ensure that our children are comfortable with technology and can effortlessly apply it to daily life. We can cling to our views that worked in a largely analog world, where computers were a box on the desk, and resist the shift to mobile, touch, and voice. But the world as a whole is about to leap over that chasm with or without us. I choose to jump. How about you? ■

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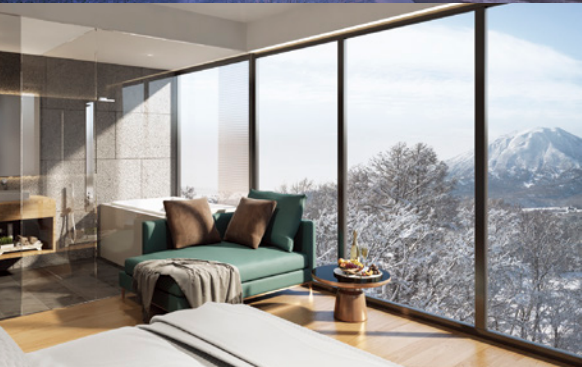
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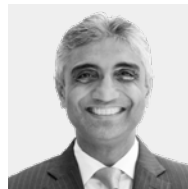
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# The Time to Shape US–Japan Trade Is Now



PRESIDENT

By Sachin N. Shah  
ACCJ President

**T**he American Chamber of Commerce in Japan (ACCJ) has been the voice of US business here for 70 years. Today, we are the leading foreign business organization, representing almost 3,500 members who drive billions of dollars in US exports and investments.

For several years, the ACCJ has been calling for a new bilateral trade dialogue and the chamber fully supports the negotiations expected to begin early this year aimed at achieving a new US–Japan Trade Agreement.

Why? Even though Japan is the United States' fourth-largest export market, and this relationship already supports over one million US jobs, we have potential to do much more business together.

Consider the evolution of the US commercial relationship with Japan, and where we're headed. For example, in 1985, medical technologies accounted for a little more than one percent of US exports to Japan. Today, that figure is seven percent of all US exports to Japan and a nearly 25-percent market share. To continue expanding these and other innovative US exports, we need to prioritize industries of maximum opportunity that will drive sustained economic growth in the 21st century.

Last month, at hearings of the Trade Policy Steering Committee with the US Trade Representative in Washington, DC, chamber Chairman Christopher LaFleur outlined the ACCJ's recommendation for four principles to guide US negotiators.

## 1. ENHANCE MARKET OPPORTUNITIES

US companies have won significant market share, not only in pharmaceutical and medical technology, but also in financial services, information technology, and professional services. Those successes are not guaranteed over time, however, and evolving policies and regulations in Japan are beginning to disadvantage US pharmaceutical companies that account for a major share of US goods exports to Japan. Preserving opportunities where US companies are most competitive should be among the very highest priorities in these negotiations.

## 2. FOCUS ON GOODS & SERVICES

Some US-made goods, such as in agriculture, face clear market access issues and we expect to see such barriers lowered or removed. We also believe conflicting, restrictive and outdated government standards discourage merchandise exports in multiple sectors, notably automobiles. Negotiators should seek bilateral adoption of common standards.

The negotiations should also deliver outcomes for US workers in services, where the United States enjoys a \$14 billion trade surplus with Japan and where exports have grown 22 percent

since 2007. There is further, immense opportunity in Japan to sell innovative services in areas such as cloud computing, online shopping, and electronic payments. Securing common standards and growth-oriented policies can help this success continue.

## 3. THE GOLD STANDARD

This negotiation is an opportunity to collaborate with a major US ally and a willing partner for a model agreement to raise the global bar. Amid an ever-expanding array of alternative trade arrangements, this agreement can and should set a new benchmark for the future of global trade. Specifically, we want it to advance shared ideals in intellectual property protection, regulatory transparency and best practices, and to strengthen the frameworks necessary for a robust digital economy, such as guaranteeing cross-border data flows protecting personal information and bolstering cybersecurity.

## 4. REINFORCE PRO-GROWTH REFORMS

Finally, the agreement should reinforce pro-growth reform in Japan. The pro-market reforms of Prime Minister Shinzo Abe designed to confront demographic headwinds and make Japan's market more efficient, transparent, and growth-oriented, are working. Japan is now in its longest growth streak since the 1940s.

US companies and products compete well in areas where Japan's reforms have leveled the playing field. Only a few years ago, the Japanese cellphone market was dominated by domestic technologies. Today, US companies lead with exports of information technology services having nearly tripled since 2014.

Continued expansion of US exports to Japan requires that Tokyo stays the course toward sustainable growth. These negotiations should reinforce those reform efforts and ensure workers and consumers in both countries see our future agreement as one in which both sides win.

It is no coincidence the ACCJ's membership is at its highest ever level. US business in Japan is competing, winning, and supporting innovation and reform in key sectors of Japan's economy. We look to these negotiations to expand those playing fields and ensure they remain level with a forward-looking, future-oriented trade partnership.

As talks toward a bilateral agreement progress, the ACCJ stands ready to offer private-sector expertise on every issue and to shape these negotiations. That authority comes from the contributions and commitment of our members, and I thank you all for being One ACCJ!

Sharing your views and input is something I always appreciate. Please write to me at: [sshah@accj.or.jp](mailto:sshah@accj.or.jp) ■

**These negotiations should . . . ensure workers and consumers in both countries see our future agreement as one in which both sides win.**

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- 1 From left: Deryk Langlais, Elvis impersonator George Thomas, and Mario Long demonstrate the King's moves at the ACCJ-Chubu Champagne Ball at Hilton Nagoya on November 16.
- 2 From left: Guest speaker Jin Montesano, executive officer and senior director at Lixil Group Corporation, with Alternative Investment Committee Chair Frank Packard, EY Japan's Heather McLeish, and C4 Initiative's Xavier Arnaudo at the event "Lixil and the SDGs: The Core of Business Strategy & Investor Relations" at Tokyo American Club on November 26.
- 3 More than 150 people enjoyed traditional Thanksgiving food while meeting with friends new and old at the 12th Annual JASO-ACCJ Kansai Thanksgiving Party at The Westin Osaka on November 20. PHOTO: SHINYA NAGATOMI
- 4 California-based ACCJ member Kate Leonard, partner at Hutchinson and Bloodgood LLP, honorary consul general of Japan in San Diego, and president of the San Diego Consular Corps (center right), with the ACCJ Taxation Committee at their meeting at the ACCJ Tokyo office on November 15.
- 5 ACCJ leaders conducted a successful Diet Doorknock, our annual meeting with Japanese lawmakers, from November 13 to 21.
- 6 Nicholas M. Hill, minister counselor for economic and science affairs at the Embassy of the United States, Tokyo (center) receives a certificate of appreciation from US Consulate Nagoya Principal Officer Gary Schaefer (left) and ACCJ-Chubu Business Program Committee Chair Felix Busch (right) after discussing recent developments in US-Japan economic relations at Hilton Nagoya on November 29.
- 7 From left: ACCJ-Chubu External Affairs Committee (EAC) Co-Chair Yuji Suzuki, ACCJ Vice President-Chubu Ray Proper, Chunichi Shimbun Managing Editor Koji Hirata, EAC Co-Chair Erik Olson-Kikuchi, Business Editor Masahiro Yamashita, and EAC Vice-Chair Stephen Carter during a visit to the newspaper's headquarters in Nagoya on November 12.

## SHINNENKAI SCHEDULE

Chubu: January 17

Tokyo: January 23

Kansai: January 24

## UPCOMING EVENTS

Please visit [www.accj.or.jp](http://www.accj.or.jp) for a complete list of upcoming ACCJ events or check our weekly e-newsletter, *The ACCJ Insider*.

### JANUARY 15

The Origins and Benefits of Cryptocurrencies

### JANUARY 28

Women in Business Shinnenkai and Toolkit Launch

### JANUARY 31

The 2019 New Year's Rock 'n' Roll Party

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## CHARITY BALL

# Country Comfort

Southern theme raises millions for local causes

By Barbara Hancock



Tennessee came to Tokyo on December 8 as 325 American Chamber of Commerce in Japan (ACCJ) members and their guests gathered at the Hilton Tokyo in Shinjuku for a party with a purpose. The 2018 ACCJ Charity Ball, Nashville Nights: An Evening in Music City, raised more than ¥8 million for local causes.

The Charity Ball Committee, together with our sponsors, volunteers, and members of the community, put on an entertaining night that brought an authentic taste of the US city known for its hospitality and role as the heart of the country music industry. From Nashville-based musicians to Tennessee whiskey to Hot Chicken perfectly prepared by Soul Food House owner LaTonya Whitaker, every touch transported guests to the Deep South and the famous Grand Ole Opry stage for a night to remember.

And, thanks to our very supportive guests and sponsors—including American Airlines, which flew the musicians to Japan—the fun resulted in contributions that will make a big difference in our ability to help those in need.

With the help of the committee and Whitaker's restaurant in Azabujuban, the Hilton Tokyo did an amazing job with our Nashville-inspired menu. The sumptuous Southern food were accompanied by great wines chosen by ACCJ members at the Charity Ball Wine Taste-Off on October 2, as well as whiskey donated by Tennessee-based Jack Daniel Distillery and craft beer provided by Ballast Point Brewing Company of San Diego, CA. To top it all off, this deliciousness was paired with musical delights served up by performers who traveled directly from Nashville to ensure an experience worthy of the name Music City.

This was truly an event at which our community pulled together to raise funds for the benefit of those less fortunate. Thank you to everyone involved for a stunning success! ■

**Barbara Hancock** is chair of the ACCJ Charity Ball Committee.

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# Leaders and Volunteers of the Year

At the end of each year, the American Chamber of Commerce in Japan (ACCJ) honors members who have shown extraordinary dedication. On December 17 at Tokyo American Club, ACCJ President Sachin N. Shah presented certificates to those selected as Leader of the Year and Volunteer of the Year from the ACCJ's Tokyo, Chubu, and Kansai chapters.

"This year has been marked by significant work from leaders and members across the chamber at an all-important time for the ACCJ," Shah said to open the festivities. "Tonight's winners have been nominated because they have earned the respect and endorsement of their fellow leaders and have been selected based on a vote by the board who had to choose between many worthy nominees."

## LEADER OF THE YEAR (TOKYO)

### John Carlson



As chair of the ACCJ Healthcare Committee, Carlson has led a number of activities, many requiring cross-committee and cross-organizational collaboration. He has also actively supported the ACCJ's new Healthcare and Retirement pillar to develop a multiple-stakeholder blueprint for the future sustainability of Japan's healthcare and retirement system.

## LEADER OF THE YEAR (TOKYO)

### Thomas Shockley



The energetic approach Shockley brings to his engagement with the chamber is widely recognized, in particular for his commitment to the development of younger members. His efforts on the Workforce Productivity Advocacy pillar have generated many creative ideas to elevate the profile of the pillar's efforts across the chamber and its events.

## LEADER OF THE YEAR (CHUBU)

### Britt Creamer



As leader of one of the chamber's flagship events, Creamer has helped raise ¥8 million for charitable causes and united many members, their friends, and families, underscoring the ACCJ's sense of responsibility and commitment to the community. He has brought energy to the Chubu chapter and is widely recognized and appreciated for helping others succeed.

## LEADER OF THE YEAR (KANSAI)

### MaryAnne Jorgensen



As chair of the ACCJ-Kansai Women in Business Committee for the past four years, Jorgensen has helped develop next-generation leaders, many of whom have won Leader and Volunteer of the Year honors themselves. And since its launch in 2015 under her leadership, the Kansai Women in Business Summit has raised the bar for content and execution.

## VOLUNTEER OF THE YEAR (TOKYO)

### James Fink



Responding as a member of the Community Service Advisory Council to a need to stabilize funding for the ACCJ's charitable activities, Fink has made a big difference in the chamber's operations. He also helped renegotiate the ACCJ's office lease and his presentation of options to the Board of Governors is a model of how the ACCJ should present its financial issues.

## VOLUNTEER OF THE YEAR (CHUBU)

### Mark Hosang



Working energetically and enthusiastically to spearhead the Young Professionals Forum, Hosang represents an important constituency of the ACCJ's membership. He has brought his energy to the ACCJ-Chubu Business Programs Committee as well, often managing the meeting minutes and other tasks. He is also an avid evangelist for the chamber.

## VOLUNTEER OF THE YEAR (KANSAI)

### Royi Akavia



As the driving force behind the ACCJ-Kansai Community Service Committee's Art for Charity events, Akavia has helped raise more than ¥400,000 for Food Bank Kansai through donations and the sales of art. His hard work and enthusiasm have created a strong following of members and guests interested in art and in supporting local charity. ■



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# FIT for Solar

Policy changes impact renewable energy

**O**n October 15, the Significant Development of Renewable Energy and Next Generation Electric Grid Network Committee of the Ministry of Economy, Trade and Industry (METI) introduced strict new deadlines and other measures on solar project development, which, if not met, will result in the feed-in tariff (FIT) rate and duration of a project being significantly reduced.

According to METI, more than 20 gigawatts of solar power projects, which are entitled to FIT rates of ¥40, ¥36, and ¥32 per kilowatt hour, have not reached commercial operations. These projects are unreasonably taking up grid capacity and preventing new players from developing alternate renewable energy projects in the affected grid areas.

While some reasons behind this proposal may be well intentioned, the American Chamber of Commerce in Japan, Australian and New Zealand Chamber of Commerce in Japan, Canadian Chamber of Commerce in Japan, CCI France Japon, and European Business Council are concerned by its suddenness, radical nature, and the ambiguity around its implementation.

## REALITY OVERLOOKED

For project developers and investors, the proposal does not give those demonstrating good-faith progress on remaining planning requirements the opportunity to address these concerns. Nor does it give enough time to alter project schedules—especially in cases where any hurdles to development lay beyond the control of project developers and investors themselves, including in relation to local government approvals and community input.

More generally, this proposal threatens to undermine market participants' confidence in the security, stability, and predictability of Japanese market rules. This in turn harms investment and growth.

Our member companies and others have invested billions of dollars and years of effort in the Japanese renewable energy industry, often in rural regions or economically disadvantaged areas, and their subsidiaries employ thousands of skilled renewable energy professionals within Japan. As the renewable power market has matured, larger, more experienced, and more diverse investors have participated—growth that is necessary for a stable, competitive industry.

Greater use of renewable power also supports Japan's goal of a clean, diverse, safe, and secure power-generation mix, reduces Japan's dependence on imports of fossil fuel, and is essential if Japan is to meet its commitments on reduction of CO<sub>2</sub> emissions agreed to at the 2015 United Nations Climate Change Conference in Paris.

## RISKS

With this new proposal, after years of commitment to renewable energy, Japan risks ceding its leadership in the industry and damaging its well-earned reputation for stability, transparency, and rule of law, for several reasons:

- The proposed changes to program deadlines do not account for typical—or even accelerated—timelines relative to historical averages or industry norms. The deadlines, as proposed, are subject to local governmental and newly introduced utility-driven processes that have not yet been defined.
  - Power plant development and construction requirements vary by region; but the proposal treats all assets in the same way. Sponsors that follow industry best practices and build for durability and safety may find themselves penalized by the introduction of new deadlines set without regard for the need to comply with existing third-party stakeholder and relevant local agency review processes.
- Investors deploy capital based on the expectation of regulatory stability that accounts for these industry norms. Any modification to a regulatory framework that is backward-looking, or applies timelines that do not accommodate industry realities, will be regarded as de facto retroactive, and equivalent to regulatory expropriation of rights.

## SOLUTIONS

We hope that METI and other government stakeholders, working in good faith with industry participants, will take the time required to adequately consider the impact that this measure would have on many local economies and on the perceived risks associated with foreign direct investment in Japan. At a minimum, additional consideration should be given to projects that have met demonstrable milestones and have made good-faith progress on remaining planning requirements. ■

**This proposal threatens to undermine market participants' confidence**





LEADER

# Alternative Investments in Japan

By Frank Packard

**P**ublic financial markets became more volatile in 2018. For the first time in decades, every major type of investment fared poorly. At the same time, the private market in Japan saw alternative investments continue to grow, and Japan has played an active role in four key areas:

- Environmental, social, and governance (ESG) investing
- Direct private equity (PE) investing and secondary PE investing
- Tools for active engagement investing
- Regulation of cryptocurrencies

Japan's Government Pension Investment Fund (GPIF) is the world's largest pension fund and has allocated investments to equity index providers for strategies that reinforce the importance of ESG factors.

One outcome of Japanese Prime Minister Shinzo Abe's reform plan, known as Abenomics, has been the requirement

for listed companies in Japan to report the number of women in leadership positions (a metric which appears to be unique to Japan).

At the request of the GPIF, global research-based indexes and analytics provider MSCI, Inc. created an investment index called the MSCI Japan Empowering Women Index (WIN) that includes this data on women in leadership. As of the end of September 2018, the GPIF had committed a total of \$22.7 billion to ESG indices from FTSE Russell, MSCI, and S&P/JPX.

Last month, the GPIF announced that it is considering raising its allocation to alternative investments over the next three years from 0.2 to three percent, which would equal \$41 billion.

Japan Post Bank Co., Ltd. is also targeting an allocation of three percent of its assets—about \$50 billion—to alterna-

tive investments. JPB not only invests in external PE managers, but it has also set up its own direct PE investment vehicle jointly with sister organization Japan Post Insurance Co., Ltd. to invest directly in PE deals in Japan and Asia.

## PRIVATE EYES

With volatile and underperforming public markets, Japanese investors are increasing their exposure to diverse alternative investment strategies, not only in hedge funds and PE funds, but also in real assets, such as infrastructure and timberland, and current income funds, such as private credit and PE secondaries.

Hedge funds have remained remarkably stable despite mixed performance. More than 11,000 fund managers are handling over \$3 trillion in global assets. At the same time, these figures conceal underlying dynamic trends. In the first 10 months of 2018, some 477 hedge funds closed and 463 new managers launched.

PE is growing rapidly with more than \$3 trillion in global assets, and additional "dry powder"—or cash reserves—in excess of \$1 trillion which has been raised from investors but has not yet been committed to deals.

Private credit funds are a fast-growing asset class. By some measures, assets have reached \$600 billion and are projected to stretch to \$1 trillion by 2020.

The growth in private credit has been driven largely by the retreat of banks from lending since 2008 and by investor appetite for current income. Japanese investors are actively allocating to this asset class, especially to infrastructure debt.



Japan has become  
one of the few major  
countries to provide  
regulatory guidance  
on cryptocurrencies.



## ALTERNATIVE INVESTMENT SNAPSHOTS

GPIF and ESG

**\$22.7  
BILLION**

Japan Post Bank

**\$50  
BILLION**

Hedge funds

**\$3  
TRILLION**

Private credit funds

**\$600  
BILLION**

### SECOND LOOK

One noticeable alternative investment trend has been the growing interest of Japanese investors in PE secondaries. This strategy buys limited partnership interests in other PE funds. A typical PE fund is structured as a partnership between the general partner (the fund manager, also known as the GP) and limited partners (the investors, also known as LPs).

During the life of the fund, the LPs will typically lock up their capital in the fund for 10 years. Because a PE fund needs several years to make initial investments, during the first few years of an investment in a PE fund the investors often suffer from the J-Curve, which refers to a decline in the value of their invested capital during the first few years. This happens because the LPs are paying fees to the GP but not yet receiving any investment distributions.

Secondary PE investing provides a private market for LPs that seek liquidity by allowing them to sell their investments before the end of the fund. Secondary PE funds can acquire the LP interests when the primary fund has already invested and is generating income. Investors in PE secondaries can avoid the J-Curve and start to receive distributions soon after investing.

PE secondary investing is more than 30 years old. It is a highly concentrated asset class with nearly 80 percent of the secondary capital raised in the past decade managed by only 15 of the 200 or so active PE secondary fund managers.

Over the past six years, the Japan Financial Services Agency (FSA) has developed

the Corporate Governance Code, for listed companies, and the Stewardship Code, for investors. Both regulations have supported increased active engagement by global and domestic fund managers. These two codes are relevant tools for alternative investors such as hedge funds. To be sure, these codes are equally inspirational and aspirational and—as recent corporate news in 2018 has shown—much work remains to be done.

### CRYPTO RULES

Japan has become one of the few major countries to provide regulatory guidance on cryptocurrencies. In 2016, the FSA defined crypto as a valid medium of exchange (it did not define crypto as a form of money). Japan, unlike neighboring countries, has not banned crypto activities altogether. One result of this regulatory approach was that, during 2017, it was estimated that more than 50 percent of global trading in crypto occurred in Japan. In 2018, however, that share appears to have dropped to 20 percent or less.

Even though the price of Bitcoin has dropped in the past 12 months, and many fraudulent activities have appeared around the world, Japan remains at the forefront of global crypto regulations. In 2018, the FSA assembled the Virtual Currency

Study Group, started to explore regulations for Initial Coin Offerings, and recognized the Japan Virtual Currency Exchange Association as a certified industry body to create guidelines for domestic exchanges. These guidelines include measures to handle insider trading, money laundering, and other standards.

### MOVING FORWARD

The consolidation of Japanese financial institutions supports increased allocations to alternative investments. Last year, Sumitomo Mitsui Trust Asset Management Co., Ltd. was formed from several related group companies to start with \$600 billion in assets under management. Mizuho Financial Group, Inc. formed Asset Management One Co., Ltd. in 2016. Nomura Asset Management Co., Ltd. has merged with several group companies, and more consolidations should follow. Larger asset managers are often more international and have more human resources to look at alternative investment strategies.

Overall, the general outlook remains bright for alternative investing by investors from Japan. ■

**Frank Packard** is chair of the ACCJ Alternative Investment Committee

**One noticeable alternative investment trend has been the growing interest of Japanese investors in PE secondaries.**



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# Get a Better Network

Achieve the most from your next ACCJ event

By Mario Long

**H**ave you ever been at a networking event when, in the middle of telling your best joke, you are interrupted by a stranger pushing their business card into your chest? That forceful image may be an exaggeration, but it isn't too far from reality. It's a good thing though because, although your punchline may have been spoiled, there is something much better to be had: a new connection. This is what makes networking a key part of what we do at the American Chamber of Commerce in Japan (ACCJ).

## FIRST PILLAR

At a recent orientation for the ACCJ's Chubu chapter, a group of new members and committee leaders were asked which of the ACCJ's three pillars—networking, information, or advocacy—was the determining factor in their decision to join. The vast majority said they joined to expand their network.

Later, they were asked about the biggest challenge to growing their companies. Again, most answered networking. It is this building of connections that is, for many professionals, simultaneously the best and most challenging way to find new business.

There are a number of reasons why people feel intimidated when they walk into a room full of strangers, or stress about starting and maintaining multiple conversations at an event. Many attendees will likely be from different regions, speak different languages, or work in different industries. There are also unofficial rules of social etiquette that must be understood and followed.

## NETWORKING MISSTEPS

There are a number of bad habits and poor networking behavior that are best



avoided. You don't want to be labeled as one of these types:

### ■ The Business Card Snowplower

Aimlessly pushing through the crowds, this networker moves with their business card held out at a 115-degree angle.

### ■ The Sales Force Terminator

Obviously hunting for a buyer, this person guides all conversations directly to a purchase proposition, then abruptly moves to the next target. But don't worry, he won't be back.

## BEST PRACTICES

Here are some ways to put your best foot forward:

### Be yourself

You won't get very far by being disingenuous. Ask yourself, "What makes me interesting?" Play to your strengths.

### Be an active listener

The best way to learn exactly what someone is interested in or needs is to listen. I mean really listen. Small talk can lead to big success if you pay attention.

## Ask the right questions

Ever feel the person with whom you are talking is just passing time until the person he or she really wants to meet (probably the one telling a joke to a group behind you) is available? When neither party asks anything interesting, the result is a bland conversation. Ask questions that tell you more about the person or their business to find a common denominator that allows a deeper conversation to naturally develop.

## Step out of your comfort zone

If you attend an event with friends or colleagues, you'll fare better if you don't huddle together in the back of the room. It's almost certain that you won't meet anyone new if you spend all your time with people you know.

## Ask for help

One of the main roles of the ACCJ Membership Relations Committee (MRC) is to help you obtain more value from your membership. Contact your MRC leaders and let them know your interests and networking goals. They may be able to directly introduce you to a fellow member or inform you of an upcoming event that could be beneficial for your business.

## GET BACK OUT THERE!

The ACCJ New Year's Party is a great place to try out your new networking skills. The Chubu event will take place on January 17 at Hilton Nagoya. The ACCJ-Chubu MRC will also host a networking workshop this spring to provide a forum in which you can discuss networking challenges, get best practice advice from experts, and—well—network! ■

**Mario Long** is chair of the ACCJ-Chubu Membership Relations Committee

Get more details about ACCJ events at [www.accj.or.jp/events](http://www.accj.or.jp/events)





# FIT FOR SUCCESS

Boost job performance  
with a healthy mind and body

By Megan Casson



The strength gained from the activity instills confidence that can be applied to work and may lead to success.



MagaGYM in Roppongi and Akasaka teaches Israeli self defense.

These days, we are all under great stress. The pressure and pace of work seem to grow each year, making it more difficult to perform at our best. Keeping a fresh mind and fit body is critical, but how do we do that while keeping up with a demanding schedule?

### STRESS EFFECT

When you're under pressure, your nervous system responds by releasing stress hormones, such as adrenaline and cortisol. Michael Nevans M.A., director of psychological services at individual counseling and psychotherapy clinic Tokyo Mental Health, spoke to *The ACCJ Journal* about how stress can affect the body. "Chronic stress impacts several of the body's major systems, including the cardiovascular, endocrine, and nervous systems."

During times of mental stress, the mind and body can amplify each other's distress signals, creating a vicious cycle of tension and anxiety.

"When we are continually entering high stress states, it creates a long-term drain on the body," he noted.

There are many thoughts on how to combat such stress. Simply being told to relax is not effective, and prescription medicine seems extreme. Natural relief, such as diet and exercise, are extremely effective in lifting one's spirits. "Exercise increases blood circulation in the brain and

stimulates chemicals, such as endorphins and serotonin, that improve mood and can help us deal with stress," explained Nathan Schmid, managing director and co-founder of Club 360, a multidisciplinary health and fitness practice in central Tokyo.

And Nevans noted: "Exercise engages the body and brain simultaneously, grounding them both in the present. It is really challenging to be thinking of the meeting you will have with your boss tomorrow when you are running and focusing on your breath, stride, and environment. The effect of exercise is a deep sense of relaxation and optimism following the conclusion of the activity."

### FINDING TIME

For busy executives, fitting exercise into their schedule is difficult. "A fair number of people work a 12-hour day, six days a week," said Nevans. "And it is challenging to change behavior patterns." For those wanting to become healthier and reduce work-related stress, making exercise and mental wellness activities a priority is a must.

While making lifestyle changes is challenging, there are gentle ways to begin. "Many people try to change too much too quickly and end up failing. This leads to frustration and disengagement from the process," Nevans said. "I recommend keeping the initial changes small and sustainable, allowing them to grow on each other over time."

Starting the day off on the right foot can make going to work less of a stress trigger. Jonathan Kushner, vice president of corporate relations for McDonald's Company (Japan), Ltd.,



**MICHAEL NEVANS M.A.**  
Director of psychological services  
Tokyo Mental Health



**NATHAN SCHMID**  
Managing director and co-founder  
Club 360





The effect of exercise is a deep sense of relaxation and optimism.

Club 360 in Moto-Azabu

commented on how he makes time for his training and cycling. “I will get up at 5:30 a.m. and run, bike, or swim for an hour or two, then shower and go to the office. It is a great way for me to start the day and to feel refreshed when I go to work.”

Schmid also gave advice on ensuring that exercise is prioritized. He places importance on understanding the benefits. Starting small can be a good incentive to continue, he said, allowing you to increase the amount or intensity of activities bit by bit.

“For busy people, the most surefire way to make certain you fit in your exercise is to first understand how important it really is for you, and the positive impact it has on your life. This way, you can prioritize exercise and make sure you schedule it in advance rather than leaving it as an afterthought. Choose a form of exercise that you enjoy and realistically have time for. Put it in your diary and stick to it!”

Booking classes can also create a firm commitment to exercise. Nevans recommends finding a personal trainer or a class that you like. Having exercise as part of your routine makes it seem less a chore and more a daily habit. This mindset gives professionals a way to relieve stress that does not seem like an added to-do on top of an already busy week.

“If a day goes by where I don’t have a chance to move my body and do something to release the steam, then it just bottles up, and that’s not productive,” explained Kushner. “Sports and exercise are important in my life and are outlets for stress. I used to have a job where I was traveling a lot. I just needed to pack a jump rope or some resistance bands for training, and some trainers to go for a run.” As an avid cyclist and triathlete,

Kushner has managed to incorporate an extensive fitness routine into his already busy schedule.

### SOCIAL SPORT

Exercising in groups or joining classes can intertwine the benefits of exercise with those of socializing. It also can increase stamina and push you to keep up with the people around you.

Kushner spoke about his participation with the Knights in White Lycra, a not-for-profit charity that does long-distance cycling in Japan to raise money for a number of causes.

“For me, it’s important to have a group to train with and a goal. I’ve switched to triathlon training and am not riding as much as I did before, but I am still very social with the Knights in White Lycra riders and others I train with,” he said. “It helps you detach a little bit from work, but also means you have people who are sharing experiences with you and are sharing the same challenges. Many of them are also very busy professionals and are juggling multiple priorities. If they can do it, why can’t I?”

Nevans also spoke about such support. “You will eventually need a peer community to make the change last. Taking some classes and meeting people at gym events can be a great way to form a supportive group for exercise and wellness.”

Krav Maga, the fighting system developed by the Israeli Defense Force in the 1960s, is known as an effective way of working out. Atsuhiko Kuma, owner of MagaGYM in Tokyo, explained that the strength gained from the activity instills confidence that can be applied to work and may lead to success. “In training, people strike punches, kicks, elbow strikes, knee



**JONATHAN KUSHNER**  
Vice president of corporate relations  
McDonald’s Company (Japan), Ltd.



**ATSUHIRO KUMA**  
Owner  
MagaGYM



strikes, and many other moves. If students are suffering from mental stress, we can promise they will relieve that through the hard workout that is Krav Maga training.”

The social side of the classes is also extremely beneficial. “Group exercise with a talented instructor will push you to exceed your limit,” Kuma said. Having drive in an aspect of life that is not part of your job can provide a real escape. It’s a time to let go of any work-related stress and completely unwind.

Nevans spoke of his own experience with a personal trainer. “It feels very different doing yoga at home with a video telling me what to do than it does to be in person with my trainer, interacting with him while doing the same poses. Being connected to the other people in the room and working toward a shared goal feels different.” Having friends or a peer network connected to an exercise routine increases commitment and encourages engagement.

### DIET AND HABIT

Poor nutrition can also contribute to heightened stress and mental health issues. Many people allow emotions to drive their eating habits. They crave carbs and sugar, which can lead to overeating and, consequently, create physical health issues that come full circle, causing distress.

“Studies have found that nutrition is one aspect that can play a role in mental health. A systematic review by *The American Journal of Public Health* in 2014 found that a diet with high levels of saturated fat and processed foods was associated with poorer mental health in children and adolescents.

Another 2014 study, *The Health Survey for England*, published by online medical journal BMJ Open, reported higher levels of wellbeing in those who had a diet high in fruits and vegetables,” explained Schmid. “I have found many of my clients who change to a healthier diet will comment on how it helps them deal with stress and improve their mood.”

Club 360 offers nutrition coaching and counseling for its clients, ultimately offering help and advice for overall fitness and wellbeing. This type of support is beneficial for those who have neither the time nor the knowledge to set an exercise routine or meal plan on their own.

Poor nutrition and stress go hand in hand. “People tend to increase tobacco smoking or alcohol consumption when under stress, and alcohol can lead to inflammation in the body and increased heartburn,” said Nevans. “A shift in dietary patterns and the intake of other chemicals can also impact sleep patterns and other routines, which can exacerbate the effect of stress on the body.”

This stress-related behavior ultimately makes things worse and—for busy professionals who do not have time to cook or do not have the mental space to stop smoking—it can only contribute to already existing tension.

“All of this can seem overwhelming or scary,” Nevans said. “I strongly encourage people to start with something they like and to stick with it. Don’t hesitate to reach out for help.”



### CONFIDENCE IS KEY

Schmid also spoke about physical pain and the effect it can have on one’s mental health. “If people don’t have a good understanding of why they are experiencing pain, it can cause a great deal of worry. This worry can then impact work performance and mental health.

“Furthermore, if people—correctly or incorrectly—attribute their pain in some way to their occupation, due to stress levels, time spent sitting and traveling, or repetitive movements, they are likely to consciously or subconsciously create a degree of negativity towards their work environment,” he added.

Regular exercise can help ease the painful, stress-induced symptoms associated with their job. This can change a person’s attitude toward work and benefit their overall performance and happiness.

In addition to health benefits, such as the increase in strength and stamina, the routine and control that comes with exercise could establish a sense of pride and self-confidence. Distracting the body with exercise in an environment away from work and home will open the mind, encourage creative thought, and boost professional success. ■

**“If a day goes by where I don’t have a chance to move my body and do something to release the steam, then it just bottles up, and that’s not productive.”**



Kushner (left) finds that cycling with friends and colleagues helps him set fitness goals.

# TECH AND TOTS

Early-age teachers differ on digital

By Helen Langford-Matsui



Kindergarten students at ASIJ's Early Learning Center learn how a robotic arm works.

**Does technology have a place in preschools and kindergartens or should it be introduced later?**

**And how does it mesh with long-established approaches such as the Montessori Method?**

When we think of tech in the classroom, an image of kids staring at tablets and laptops may come to mind. But these are just some of the tools at the disposal of today's teachers. Tech comprises a wide range of devices, and *The ACCJ Journal* spoke to Tokyo-area educators to learn how their views of tech differ and how they incorporate today's gadgets into their programs.

## WHAT IS TECH?

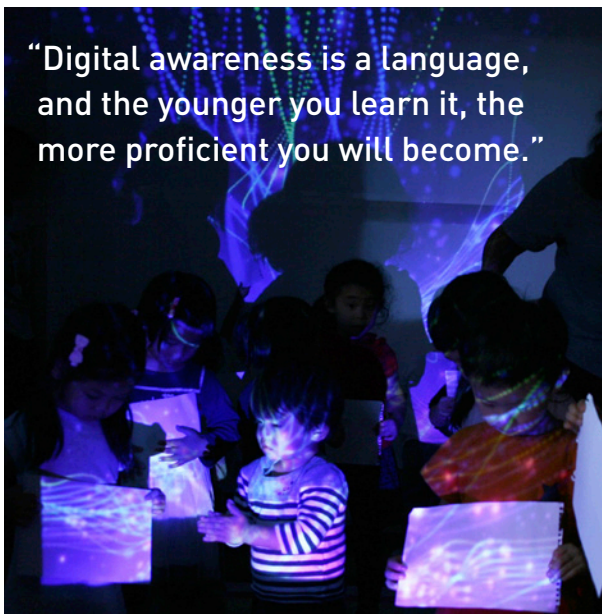
According to Marc L'Heureux, elementary school principal at the American School in Japan (ASIJ), tech can be defined in many different ways. "It can be an old cassette player, an iPad, a robot, laser printer, or laser cutters."

For Aoba-Japan International School (A-JIS) Secondary Principal Paul Fradale and Primary Principal Sachiko Otsuka, tech means "tools that the learning community—students, teachers, and parents—can use to enhance learning. It goes beyond using a whole bunch of technology in the classroom to the deliberate selection of tools that will support the learning intentions."

At Nishimachi International School, it means "connected learning." This takes a variety of forms, from addressing digital



“Digital awareness is a language, and the younger you learn it, the more proficient you will become.”



MEES students explore colors through projection and music.

citizenship and literacy to connecting parents with children and teachers through the Seesaw app, a learning tool for iOS, Android, Chromebooks, and Amazon's Kindle reader that is used in one of every two schools in the United States—more than 200,000 classrooms—and in 150 countries.

For Eufit van den Berg, principal and founder of MEES International School in Tokyo's Bunkyo Ward, “technology

is digital awareness. This goes as wide as using computers, tablets, projectors, digital boards, the internet, cameras, Google Home devices, and digital assistants such as Apple's Siri and Google's Alexa.”

When broadly defined, most schools can be said to use a variety of technology in the preschool and kindergarten classrooms. This includes teacher-controlled video monitors and projectors as well as child-controlled equipment such as interactive wooden blocks that teach coding and Bee-Bot programmable robots. But, as L'Heureux acknowledged, ASIJ's 1:1 iPad program, in which each student is assigned their own tablet, is what most people think of when they imagine the use of technology in the classroom.

And it is this kind of tech—its benefits and hazards—that Annette Levy, deputy head of school at Yokohama's Saint Maur International School says is subject to the most passionate debate.

### PROPER PACE

Several themes emerged as we talked with teachers. Almost without exception, the question of whether tech is good for a child's development was the first consideration. And asking about screen time revealed a spectrum of opinions.

“As with all tools used in the classroom, we make decisions based on developmental levels and apply them in moderation,” said Mihoko Chida, elementary school principal at Nishimachi.

The school's kindergarten team elaborated, explaining that “technology has a wider range of uses in the older grades. At the kindergarten level, we are teaching kids the skills they will



Nishimachi sees technology, including tablets, as part of connected learning.



need as they move through school.” This includes learning to use and care for iPads.

For Christy Carrillo, director of the Early Learning Center at ASIJ, tablets and educational apps should be used only sparingly with young children. “As children mature, tablets and educational apps offer more opportunity and potential,” she said. “In the early years, social and active learning is best.”

That doesn’t mean there is no place for tablets. Kindergarten students at ASIJ use them for taking photographs, to collaborate with peers, and to share their accomplishments with parents via Seesaw.

In Saint Maur’s Montessori Preschool, digital technology use is limited to older students. “It is confined to 20–25 minutes a week, when the students work on an iPad for their Readers’ and Writers’ Workshop,” explained Levy.



Aoba students share learning experiences through computers.

At GG Kids International School, tablets aren’t used with students between ages two and four. GG Kids teacher and curriculum administrator Evan Hurlocker said: “In my experience, whenever the tablet comes out and the screen turns on, kids tune out from any type of instruction the teacher is trying to provide. If they can’t focus on both, it doesn’t suit our needs in the classroom.”

On the other side of the spectrum is MEES, a school whose foundation rests on incorporating digital technology and where students aged two and over have access to a personal iPad. “With a few simple rules and guidelines, it is perfectly safe to allow young children to use technology,” said van den Berg.

Such is the case at Coding Lab Japan, which teaches children aged 4–17 to program at campuses in Yoyogi and Shirokanedai. The slogan of the school, founded by former Microsoft program manager and software test engineer Nobuko Miwa, is “Tiny

hands, mega minds.” She believes that fear of programming can be dispelled if kids have the chance to work with computers and other technology, such as robots, at a young age. Apart from programming ability, Miwa says the experience develops self-confidence, the ability to work in teams, and creativity—all critical skills for success in the future workplace.

Despite the different views, the motivation is the same. “If our goal is to develop self-managed learners who are able to critically analyze the use of technology to support a particular purpose, then teachers need to plan a process where we gradually release and transfer control over to the students,” explained Fradale and Otsuka.

### ENHANCE, NOT REPLACE

Though teachers are becoming more proficient at applying technology—thanks to educational conferences, special training, and knowledge-sharing among peers, “parents remain skeptical as to how tech can help their child learn,” said L’Heureux.

This leads to resistance from some corners to having tech in classrooms. Too often, the issue is oversimplified to yes, it belongs or no, it does not.

“Part of the problem is miscommunication,” explained van den Berg. “It is not about whether you should use technology, but how to use technology.”

That “how” was another theme we uncovered.

Matt Brady, director of digital learning at Nishimachi, said, “Technology should be integrated only when it engages, enhances or extends learning.”

For example, having an internet connection can bring an extensive library of music and video into the classroom. This is the case at GG Kids, where, as Hurlocker explained, video is used to enhance literacy through the reading of on-screen lyrics.

L’Heureux shared a similar view. “Technology should be used as a tool for learning and not just a replacement for something else.





Morning work time at Saint Maur International School's Montessori Preschool

It should enhance what the students are doing and open learning channels.”

Enhancing education through technology, while not allowing it to replace other important aspects of the educational journey, is a balance Nishimachi's kindergarten team works hard to maintain. “Young children need social interaction to foster social skills, such as sharing and taking turns. They cannot master social skills through digital learning,” they told *The ACCJ Journal*, stressing that tech should not be used to replace human interaction.

While much use of tech is carefully planned—often with the help of integration coaches and technology departments—a big perk of having access to always-on portable devices is the chance for spontaneity. ASIJ's director of technology, Warren Apel, noted that educators might “see a way where technology could be useful, and be able to quickly intervene with a learning opportunity.” Keeping this sort of device out of classrooms means such chances are lost.

When it is understood that technology is there for enhancement, it can find a home in virtually any methodology—including Montessori. As Fradale and Otsuka explained: “The underlying philosophy of the Montessori Method is based on student engagement and genuine inquiry. With that in mind, it isn't difficult to see that tech is a ‘how’ rather than a ‘what,’ and should pose no obstacle.”

Levy commented that Maria Montessori, founder of the method, was herself known to be a progressive educator. And while we cannot know what her thoughts on digital technology would have been, she did believe children should use real-life objects to learn. “Not all Montessori early childhood centers embrace the use of digital technology in their educational environment,” Levy said. “At Saint Maur's, we use it as a supplement—not a substitute—to foster emergent literacy and to reinforce the skills being taught.”

Van den Berg, who was Montessori-educated from age two until high school, agrees that tech and the Montessori Method can go together. He believes that Dr. Montessori would have been accepting of technology—tablets included. “Most applications are self-correcting, develop problem-solving skills and critical thinking, and allow children to work individually at their own pace. With tracking systems for teachers to monitor children's progression, it makes education even more child-centered, as Montessori strived for it to be.”

No matter the methodology, when used properly technology is just another instrument in the teacher's ever-expanding toolbox.



Learning to program Bee-Bots during ASIJ's Hour of Code.





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## BALANCING ACT

Educators understand that children growing up today will come of age in a world where their ability to effectively and safely use technology will be key to their success.

“Even if a student isn’t allowed to use a device at home, they are immersed in a society that uses technology at all times,” said Nishimachi’s Brady. “The school has a responsibility to educate all students on how to stay safe and be literate in an increasingly digital world.”

For van den Berg, this translates into an obligation to introduce tech during the early years. “Digital awareness is a language,” he explained, “and the younger you learn it, the more proficient you will become.”

While educators differ on some of the finer details, there is, for the most part, consensus tech belongs in the preschool and kindergarten classrooms but must not get in the way of developing other essential skills.

“As educators,” said Levy, “we have a moral responsibility to help students limit their screen time, be balanced learners, and be responsible users of technology.”

But no matter how tech is integrated into preschool and kindergarten classrooms, for Carrillo, what is essential to consider about early education is its holistic and unbounded nature. “The more social, active and interactive a learning opportunity can be, the more beneficial it is for a child.” ■



Exploring sound in the GG Kids classroom.

“Young children need social interaction to foster social skills, such as sharing and taking turns.”





# DATA DANGER

Is your security ample?

By Julian Ryaal

The sheer magnitude of the threat posed by cyberattacks aimed at companies, financial institutions, government agencies, infrastructure, and individuals around the world is difficult to comprehend. And, all too often, the scale of a breach and the damage done only becomes fully apparent much later.

The threat to modern-day technology is so serious, believes Robin Tatam, director of security technology for Minnesota-based software developer HelpSystems LLC, that it “represents the most clear and present danger that humans are ever likely to witness.”

## DEAD SERIOUS

Tatam insists that his statement is not hyperbole.

“An ever-increasing reliance on technology in all aspects of our personal and professional lives means that infiltration allows unauthorized access to our personal data, homes, cars, conversations, workplaces, and even our country’s infrastructure,” he told *The ACCJ Journal*. “No other single threat can be so subtle and yet also so bold. As long as there are human beings living on Earth, someone somewhere will seek ways to benefit and profit at the expense and misfortune of others.”

Corporate espionage can give a rival company a massive financial advantage. Interference by one nation in the politics of another can swing elections. And the 2001 terrorist attack on the World Trade Center in New York City “could pale in comparison to a large-scale attack on power grids or water supplies,” he warns.

But, a defense can be mounted.

“Risk can often be reduced significantly with the deployment of simple measures, but—much like traditional insurance—their value is often under-appreciated until it’s too late and the risk has been realized,” Tatam points out.

“While cyberattacks and data breaches have become frighteningly common, they are not necessarily inevitable. We have to be diligent in acknowledging and assessing our vulnerabilities and appropriating the necessary resources to counteract them. This isn’t free. It certainly isn’t easy. The alternative, however, is far worse.”

Examples of organizations that have failed to heed the warnings and subsequently paid the price are numerous and span all business sectors. In November, the Marriott International Inc. hotel chain admitted one of the largest data breaches on record. The personal information—including credit card numbers and passport details—of about 500 million Starwood properties’ customers were



**ROBIN TATAM**  
Director of security technology  
HelpSystems LLC





IBM Japan's Security Operations Center

leaked between 2014 and 2018. The discovery was made in September.

At least three class-action lawsuits have already been launched against the company, and the damage to its reputation could take years to repair.

### SETTING STRATEGY

In July 2018, the government of Japan unveiled its new cybersecurity strategy in a paper that underlines the critical importance of fintech, Big Data, the Internet of Things, artificial intelligence, and other technological advances, as well as the associated risks.

Underlining the need for a “free, fair, and secure cyberspace” that contributes to “improving socioeconomic vitality and sustainable development”—as well as a safe, secure society and global peace and stability—the strategy is based on three points:

- Mission assurances for service providers
- Risk management
- Participation, coordination, and collaboration

The policy calls for advancing cybersecurity as a driver of value creation, raising executive awareness, stimulating investment in cybersecurity, and supporting innovation in the cybersecurity business. And, it warns, the importance of these measures will only increase in the run-up to the Tokyo 2020 Olympic and Paralympic Games.

Masatsugu Koketsu, vice president of security for IBM Japan, Ltd., says the policy is well thought out—particularly because of the onus it puts on companies to do more to protect themselves.

“Anyone can make a mistake and introduce a virus into a computer,” he said. “The password can be too simple or something can be downloaded when it shouldn’t be. But this just shows how important it is to have multiple layers of defense.”

Typical antivirus software, Koketsu said, can only detect about 40 percent of infections because viruses are evolving rapidly.

An estimated 300,000 pieces of malware are created every day, and it is remarkably easy to access the dark web and find a template for malicious code, he added.

“I think the Japanese government’s policy is very good, but they still need to do more to encourage companies to pay attention to this problem. Big companies are typically better protected because they can invest in defenses, but smaller ones find it more difficult. It is also important that companies share information on threats frequently.

“Too many organizations still see security as a cost. They need to see it as part of the digital transformation of business. We generally see that companies which make the biggest investment in security are also the ones that are thinking most carefully about that digital transformation.”

Asked about his biggest cybersecurity fear, Koketsu did not hesitate.

“My biggest worry would be an attack on our social infrastructure: road traffic, networked vehicles, a new generation of internet-connected cars, road, railway and airport signaling, the power grid, and other infrastructure connected through the internet,” he said. “That would be extremely dangerous.”

### MULTIPLE VECTORS

According to a 2017 study by New York-based risk consultancy Kroll International Inc., 86 percent of companies it asked in the Asia-Pacific region said they had been the target of a cyber hacking attack in the previous month. The most common attacks use virus or worm infections to exploit loopholes in internet-facing systems, such as websites or email, or spear-fishing, an attack that uses email to trick users into turning over personal information or access credentials.

It is worth remembering that attacks can also come through employees or vendors.

One obvious area of major concern is healthcare, believes Eiji Sasahara, chair of the American Chamber of Commerce in Japan (ACCJ) Digital Health Subcommittee. According to the US Department of Health and Human Services, cases of “unauthorized access/disclosure” and “hacking/IT incidents” comprise the majority of personal data breaches in the US healthcare sector. The fine for a company that falls victim to an attack resulting in a data breach is \$1.5 million, underlining the importance of protecting data in the healthcare space.

“It is possible that insurance will cover the financial loss resulting from this kind of incident,” Sasahara said. “But a far



**MASATSUGU KOKETSU**  
Vice president of security  
IBM Japan, Ltd.



**EIJI SASAHARA**  
Chair  
ACCJ Digital Health Subcommittee

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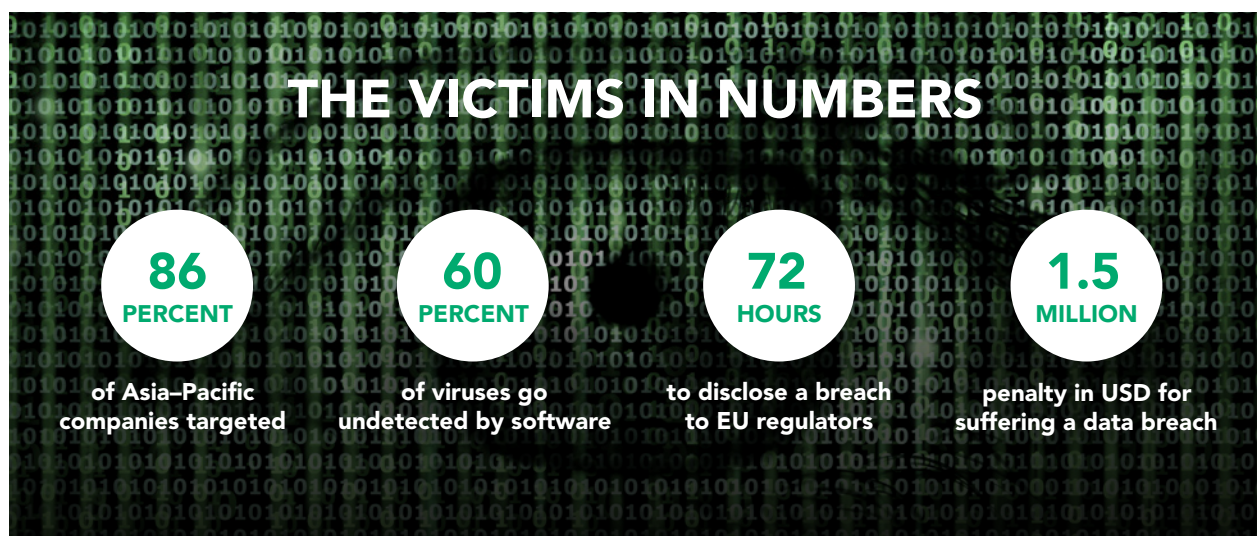
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bigger challenge is to reverse the reputational damage in the short term.”

In September, the administration of US President Donald Trump updated the national cybersecurity strategy in an effort to enhance cross-agency and cross-sector cybersecurity information sharing and analysis. Sasahara said it is essential that the Japanese government catch up with the United States in this area as soon as possible.

“There have been a number of enhancements in the healthcare sector in the past year or so. Firewall intrusion detection is getting better and log-data management tools are making things easier. Still, we need to do a better job of securing the management of data through its lifecycle using a risk-based approach,” he said. “But that is difficult, because there is a serious shortage of cybersecurity professionals inside the central and local governments.”

John Carlson, chair of the ACCJ Healthcare Committee, agrees that the primary concern in the health sector is the confidentiality and integrity of personal records.

“While both are important, integrity is often overlooked,” he said. “Consider how important personal health data is to determine a patient’s care. Data integrity protects the patient from misdiagnosis and unneeded treatment, and ensures that healthcare providers make the most appropriate clinical decision.

“Some may argue that, in health, integrity is even more important than confidentiality. The reality is that all companies—whether small or large, financial services or not—are at risk and must have a comprehensive cybersecurity strategy in place.”

Like Japan and the United States, the European Union has taken steps to protect data. The General Data Protection Regulation (GDPR), which took effect on May 25, 2018, includes the onerous requirement that any data breach be

reported to regulators within 72 hours of being identified. Penalties for failure to do so are steep: up to four percent of the company’s annual global revenue. Many believe that the Marriott breach would not have come to light so soon after discovery if not for GDPR.

### BE PREPARED

HelpSystems’ Tatam said the number of companies and organizations that have fallen victim to criminal activity “is far more expansive than most people realize,” and the assailants’ evolving tactics mean we must all constantly be on our toes.

“We hear news of the next super-hack or mega-breach on occasion, but anything less seems to go largely unnoticed,” he added. “Of course, the bar on what constitutes ‘biggest’ is continually rising, making old news out of what would have been bold headlines just a few years ago.

May 2017’s WannaCry ransomware attack, which encrypted data on more than 200,000 computers in 150 countries and demanded payment in exchange for the key, certainly raised public and corporate awareness of this particular tactic and sent chills through everyone due to the speed at which it spread globally.

But cyberattacks tend to come in waves, Tatam said.

“After heightened malware activity in 2017, we have seen far less in 2018. Does that mean we have fixed the malware issue? Have we closed the door permanently on that particular vector? Of course not. It’s simply a lull as criminals shift their attention to something deemed shinier. Some think that quest is mining of cryptocurrency.”

And, he warns, they will inevitably return.

“Risks need to be constantly reevaluated, as those who wish to attack us and exploit our systems are incredibly resourceful and creative. Gone are the days of juvenile mischief carried out by those excited by the challenge of facing a firewall.

“While there are trace elements of that, we must now be concerned with highly funded organizations that are skilled and motivated. Policies should be established and reviewed at least annually to determine if a company’s security infrastructure is in line with the current use of technology and evolving risks.” ■



**JOHN CARLSON**  
Chair  
ACCJ Healthcare Committee

A woman with short dark hair, wearing a blue sweater, stands in a city street. The background is blurred, showing buildings and other people. The title 'CHANGE AGENT' is overlaid on the top left of the image.

# CHANGE AGENT

Matching women's lifestyles  
with compatible corporate cultures

By John Amari

PHOTO: RICHARD LEE

Many companies in Japan still believe that change is too risky. They don't realize that if they don't change, they'll die.

This is what women in business champion Satomi Fuluya told *The ACCJ Journal* when asked why workstyle reform moves more slowly in Japan than many would like.

And when companies here try to change their work environment, she said, the focus—more often than not—is on workplace optimization tools or educational programs designed to modernize mindsets, especially in pursuit of boosting women's participation in the workforce.

“But, if companies do not really believe that change is needed, then there will be no buy-in or understanding of the necessity. And so, lifestyles will not change.”

For Fuluya, a transformation is needed in the way current and prospective employees view their career choices. They need to focus more on how work will affect their lifestyles and less on salary and brand recognition.

Conversely, companies must change what they offer workers by prioritizing employee wellbeing instead of simply demanding loyalty or perpetuating traditional workstyles.

To help make this happen, Fuluya established Clarity K.K. in 2018. The data-driven human resources platform is used

to analyze the lifestyles of women and match them to employers that offer compatible corporate cultures.

“We offer an original survey based on eight indicators focused on women's workstyle. Employees and job seekers provide answers that we analyze and use for matchmaking with companies,” explained Fuluya, the company's chief executive officer.

As of December, the pre-revenue startup was among the graduates of 500 Kobe Accelerator, a partnership between US-based early-stage venture fund 500 Startups and the City of Kobe. The accelerator supports new ventures such as Clarity.

## GENDER ROLES

Born in Tokyo and raised in a traditional household where men went to work and women looked after the home, Fuluya is an unlikely candidate for shaking up the status quo—let alone championing women's empowerment.

And yet, it was precisely in that traditional cauldron that her entrepreneurial, risk-taking, status quo-upending mindset was forged.

Fuluya spent her formative years in Tokyo's traditional Asakusa district, an area renowned for traditional wholesalers and small and medium-sized enterprises.

There, her father successfully ran a generations-old printing company that doubled as the family home. The Fuluyas lived at the top of a several-storied shop-house and wanted for very little.



“So, everything—the printing shop, office, and family—was in one building.”

The Fuluya home ran like clockwork, with the roles of men and women as distinct as the minute and hour hands of a clock. And so was the way you had to behave.

“My dad would say: ‘Girls should have long hair and wear a skirt,’” she recalls, laughing.

With business booming and the family ticking along predictably, it came as little surprise that Fuluya was enrolled in private, girls-only schools from kindergarten through high school.

“They expected girls to study tea ceremony, cooking, and things like that—very traditional.

“So, everyone—both at home and at school—believed that, if you were born as a girl, you had to be attractive so that you could find a rich husband. That was the way to happiness for a woman.”

And that was the way in the Fuluya home. At that time, Fuluya believed it to be her future as well.

### FAMILY FORTUNES

But misfortune struck in the early 2000s and the family went through a period of uncertainty when their business struggled and then filed for bankruptcy. However, misfortune may well be the catalyst for reinvention.

In a reversal of roles, her mother trained herself to understand design and established a graphic design business while her father became the homemaker.

“When I talk about this, it sounds like it was a nice family time; but there was a lot of drama,” Fuluya confessed. “Reality was more chaotic.”

Despite the drama, seeing her mother go into the working world and her dad stay at home was a watershed moment. It made her reassess her future and the role of women—and men—in the workplace and society at large.

“It’s a common thing these days that both parents work. But at that time, and in that community, it was considered shameful that a mother had to go out to work. That had a positive effect on me.”



### FROM OLD TO NEW

Not only did the family’s misfortunes and role reversals profoundly affect the way Fuluya saw herself and her community, it also changed her view of the world, opening up previously unseen vistas.

“I already knew that, as a woman in Japan, I had fewer opportunities than men—especially if I joined a big company. It would be hard for me to move up the career ladder.”

“But I also realized that, if I studied hard, in English at least, then I could have more opportunities in the future.”

That path led Fuluya to the United States. While she was a student at Seijo University in Tokyo, she enrolled in a year-long study abroad program at San Diego State University. Even at that age, Fuluya was thinking strategically.

“I decided to go to a Japanese university, but it had to have a one-year exchange program.”

Studying abroad was a dream come true, allowing her to experience a new culture and way of life. She also improved her English. But it came at a high cost—especially when she returned to Japan and had to think about a career.

### DIVERSITY & INCLUSION

Japan’s job-hunting window for third-year college students runs from spring to summer each year. When Fuluya returned from her year abroad, that window had closed.

So, she spent the first six months after graduation as a NEET—a young person not in education, employment, or training—doing minimum-wage jobs in the restaurant industry.

In her first full-time position, she worked as a consultant and an executive assistant for a global fashion brand in Tokyo.

In her next position, she worked on the human resources team of a global tech company. There she was introduced to new ideas, including concepts for workplace diversity.





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“Even then, in 2012, there were already diversity and inclusion programs. But many Japanese companies then did not know what diversity meant.”

That said, Fuluya thought the idea of empowering employees—especially women—was merely “a cool thing.” Her real interest was communication design.

So, it made sense that she sought work at an international advertising agency, where she supported a number of brand campaigns as an account executive. Interestingly, many of these were centered on women’s empowerment.

## CHANGEMAKER

Learning the ropes of brand communication and empowering women using inspiring messaging was educational for Fuluya. But she felt that there was something missing.

“No matter how much you inspire people via creative communication, that cannot, in itself, be a direct solution to social issues. I wanted to create a direct solution for empowering women, but I didn’t know how.”

That was 2016. Driven by an ideal and yet not knowing where to start, she took the bold step of quitting her job and creating Clarity. It was a scary move, she recalls, but sometimes you must take drastic measures.

For about two years, she worked as a freelancer in branding, public relations, and marketing in the startup ecosystem, a decision that brought her into contact with other self-starters, founders, and investors.

That exposure allowed her to think more about how Clarity could affect change, and it boiled down to a few key questions.

“I asked myself: Why can’t companies change? Why can’t people in Japan change their lifestyles or mindsets?”

From job hunting while still in college to lifelong dedication to one company to sticking to traditional home and work roles, “people don’t have the freedom to choose their lifestyles.”

What’s more, “it’s all traceable to company culture and workstyle. So, I thought that it is companies that have to change.”



## CLARITY AT WORK

Is there a single experience that helped Fuluya create her own startup? Not really.

“I think it was everything: from my family experience to the experience I had with global companies and advertising agencies to working with other startups.”

Looking ahead, what are her expectations for Clarity in the near future?

Apart from seeking what most startups want—an exit—she said: “I hope that when women or mothers want to look for a job, or when they want to change jobs, or if they want to know if a company has a good work culture, the first thing that comes to mind is Clarity.” ■



“It’s all traceable to company culture and workstyle. So, I thought that it is companies that have to change.”

PHOTO: RICHARD LEE

# DARK ENERGY

## Japan's coal habit hampers green goals

By Eri Sugiura and Akane Okutsu

NIKKEI  
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In Japan's port city of Kobe, a pair of 150-meter-high white chimneys tower over the bay. Located alongside a residential area, just 15 minutes by car from the city center, the chimneys belong to a giant 1.4-gigawatt coal-fired power plant that is about to loom even larger over residents' lives.

Brushing aside protests from environmentalists and locals, plant owner Kobe Steel, Ltd. started construction in October 2018 on a huge expansion project that will double the size—and the emissions—of the Kobe Power Plant, which is one of the largest independent power producers in Japan. More than 14 million tons of carbon dioxide and other pollutants—an amount greater than all the CO<sub>2</sub> emissions produced by the city's 1.5 million inhabitants—are expected to be belched into the air each year from the enlarged plant's chimneys by 2022.

### STANDING GROUND

Residents are fighting back with lawsuits, the first of which was filed in September 2018. "My son and I have had asthma since we moved here more than 20 years ago," said Hideko Kondo, who lives in a fume-filled block of flats just 400 meters from the power plant. "Some neighbors have moved away after hearing about the expansion plans."

Kondo and 39 other residents are seeking an injunction against Kobe Steel to halt construction and operation of the new plant, citing the "infringement of the right to live sustainably with clean air in a healthy and peaceful environment." It is only the second lawsuit in Japan to target carbon dioxide emissions. Kobe Steel declined to comment for this article.

The Kobe project is one of more than 30 new power stations being planned or built by Japan that burn coal—the dirtiest and most polluting fossil fuel and one which is being phased out by some 30 governments around the world.

"Coal goes directly against the global trend because it is the worst fuel, based on its volume of carbon dioxide emission," said Takeshi Shimamura, a professor at Kobe University who supports the residents' group.

### UNEVEN GOALS

Japan is the only Group of Seven country still planning new coal-fired power stations. Its continued love affair with the black, sooty fuel sits ill with the green rhetoric of Prime Minister Shinzo Abe's government and with the country's status as host of the meetings that resulted in the landmark 1997 Kyoto Protocol, which committed about 200 nations to cutting greenhouse gas emissions.

"We must save both the green of the earth and the blue of its oceans," Abe wrote in an op-ed for the *Financial Times* in September that bore the headline "Join Japan and act now to save our planet."

In the piece, Abe wrote: "All countries must engage with the same level of urgency. We must simultaneously boost economic growth and reduce the use of fossil fuels."

Kimiko Hirata, international director of the Kiko Network, a non-governmental organization (NGO) devoted to environment issues, said that while Abe's words were welcome, his actions tell a different story.

"I was shocked by his expression 'join Japan,' given that the prime minister has not shown leadership in environmental policies domestically, and that Japan is severely criticized by experts overseas for not putting enough effort toward reducing CO<sub>2</sub> emission," Hirata told the *Nikkei Asian Review*.





## GLOBAL IMPACT

Japan's pro-coal power policies are not just a domestic issue. Through its banks and international development agencies, Japan is funding a wave of huge coal-fired power plants from Vietnam to Indonesia. Over the past three years, the Japan Bank for International Cooperation has announced plans to provide up to \$5.2 billion in financing for six coal-related projects.

Environmentalists worry that the extra CO<sub>2</sub> generated by these new coal plants in Asia could wipe out any reductions made by other regions, jeopardizing progress toward meeting global targets set by the United Nations. According to the International Energy Agency (IEA), Asia accounted for two-thirds of the 1.4-percent global growth in energy-related CO<sub>2</sub> emissions in 2017, owing to rising fossil fuel demand.

Under the Kyoto Protocol, Japan pledged to cut greenhouse gas emissions by six percent between 2008 and 2012, but levels began rising around 2011. This is due, in part, to the Fukushima accident, in which three nuclear reactors melted down after being badly damaged by a tsunami on March 11, 2011.

Halting the country's nuclear reactors has led to an increased reliance on fossil fuels, which rose to 84 percent of Japan's energy mix in 2016—up from 65 percent in 2010. Greenhouse emissions increased by about seven percent between 2010 and 2012, according to data from the Ministry of Economy, Trade and Industry (METI).

Japanese government officials justify their reliance on coal by citing cost, security of supply concerns, and the need for a diverse energy mix. Coal power plants are “necessary” because “the resource is cheap and more economical with

**Japan faces some formidable obstacles in pursuing clean, sustainable power, not least from its geography**

scale,” Shogo Tanaka, director of the Energy Strategy Office at METI, told the *Nikkei Asian Review*.

One alternative is to increase the use of liquefied natural gas (LNG), which emits less carbon and noxious exhaust. But, Tanaka said, this is not desirable because LNG prices may rise due to higher demand from China and India.

## GREEN GOALS

In 2015, Japan set a goal of reducing the amount of electricity generated from coal to 26 percent by 2030, down from 32 percent in 2016. To achieve this, renewables such as solar and wind power would supply 22–24 percent of the country's electricity, compared with 15 percent in 2016.

But even this relatively unambitious green-energy target depends on restarting most of Japan's 18 nuclear power plants, which have been halted since the Fukushima disaster. Many experts question whether the restart program is realistic, given the technical, cost, and safety hurdles involved.

Environmental NGO Greenpeace Japan said METI's plan “lacks ambition and urgency” because “its coal ratio is far too high, and the ratio for nuclear power is wholly unrealistic.” Greenpeace noted that Japan's target for renewable energy is low compared to many nations in the European Union (EU), whose individual targets exceed 50 percent by 2030. The EU as a whole recently announced a goal of increasing the share of renewables to 32 percent by 2030 from the previous target of 27 percent.

Japan would need about 30 operating reactors by 2030 to achieve its goal of generating 22 percent of its power from nuclear, but only nine are currently working. If nuclear power generation fails to reach the target, “it is not certain if renewable energy can make up for it,” Tanaka said.

As a result, experts say coal's share of Japan's energy mix may actually rise over the next decade. According to one unpublished study by an international group and seen by the *Nikkei Asian Review*, coal's share of Japanese power would increase to 46 percent by 2030 if pure market forces prevail. Should

nuclear only account for half of the planned capacity, coal's share would be even greater, at 56 percent.

## COAL CUTS

Japan is unusual among developed countries for still planning new coal plants. Since the 2015 Paris Agreement, an international commitment to keep the global rise in temperatures below two degrees Celsius from preindustrial levels, opposition to the use of coal has become the norm in many advanced economies.

French President Emmanuel Macron pledged to eliminate coal-fired power by 2021, a step the United Kingdom has said it will take by 2025. While Germany is a coal producer and relies on coal power for about 40 percent of its energy—largely because it phased out nuclear power after the Fukushima disaster—it is still aiming to increase the contribution of renewables to 65 percent of its energy mix by 2030.

In such company, Japan is increasingly seen as a laggard. At the 2017 United Nations Climate Change Conference in Bonn, Germany, Japan was one of the recipients of the Fossil of the Day award, given to the country judged to have done



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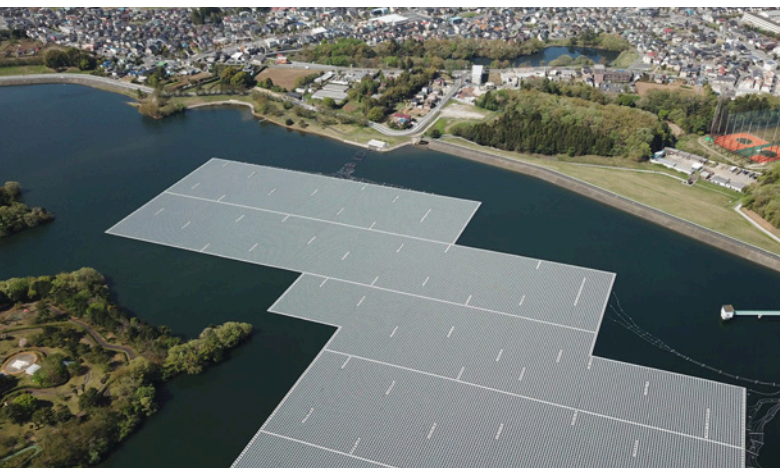
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the most to block progress during the negotiations by the Climate Action Network, a network of environmental NGOs.

Criticism has come from inside the country, too, with Foreign Minister Taro Kono calling Japan's energy policy "lamentable" last January. "For too long, Japan has turned a blind eye to global trends, such as the dramatic decrease in the price of renewables and the inevitable shift to decarbonization in the face of climate change," Kono said.

### GRIDLOCK

To be fair, Japan faces some formidable obstacles in pursuing clean, sustainable power, not least from its geography—a largely mountainous interior with the population heavily concentrated along relatively small and narrow coastal strips of flat land.

METT's Tanaka said these factors make renewable energy more costly in Japan than in other countries. Solar generation, for example, is twice as expensive per kilowatt hour in Japan as it is in Europe, because of the limited amount of suitable land and the cost of constructing solar farms.

Japan also lacks a national electricity grid. The nation's power supply is generally divided into 10 service areas, each with its own transmission network. This means there is limited capability, for example, to send solar energy produced in the south of the country to the north. There are plans to build a few connections between the networks, but one line would cost more than ¥100 billion and take five–10 years to complete.

### LIGHT BREEZE

Wind power, which has rapidly caught on in Europe, comprises just 1.7 percent of Japan's planned total renewable energy supply. The government says that viable locations for offshore wind farms in Japan tend to be far from areas where there is demand for electricity, and construction costs are high because of how far the wind turbines must be built from the shore. Opposition from the powerful fishing lobby is another problem.

With an uncertain outlook for renewables, some Japanese power companies prefer to work on minimizing the environmental damage from burning coal. Coal-fired power plant

**The dependence on coal-fired plants might increase further, going in the opposite direction to the global trend.**

operator Electric Power Development Co., Ltd., better known as J-Power, is investing in carbon capture and storage technology, which collects and buries carbon dioxide to keep it out of the atmosphere.

According to a 2014 estimate by the Ministry of the Environment, it would cost ¥10,500 (\$93) to capture and sequester one ton of greenhouse gas emissions. This is likely cheaper than reducing emissions via renewable energy sources, a ministry official said.

J-Power has plans to build three new coal-fired plants, one of which will replace an old facility. In 2018, the company also set up a joint venture with Sumitomo Forestry Co., Ltd. to manufacture and sell wood pellets, creating a source of biomass fuel to mix with coal in J-Power's thermal plants. "It is important that Japan has diverse sources of energy," a J-Power corporate planning executive said.

Experts such as Hiroshi Segawa, a professor of energy and environment at The University of Tokyo, are unimpressed by such arguments. "There is a complete lack of sustainability and of a national strategy to realize the planned energy mix in the long term," Segawa said. "The dependence on coal-fired plants might increase further, going in the opposite direction to the global trend."

Segawa believes several factors have been hindering Japan's shift toward renewables. "The government is probably giving priority to heavy industry companies who manufacture nuclear plants," he said.

That view is echoed by executives at Japan Renewable

Energy Corporation (JRE), a solar, wind, and biomass power operator backed by the Goldman Sachs Group, Inc. The company has only limited access to the power transmission network, making it harder to pursue new renewable projects.

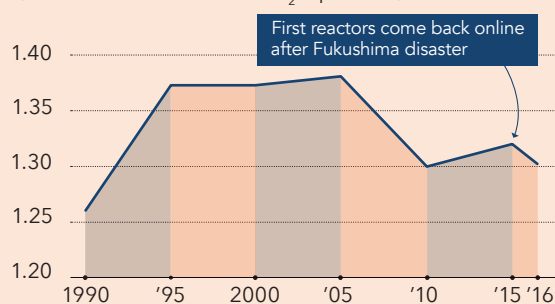
"Major power companies are still securing power grids to prepare for re-operation of nuclear plants at some future time," said

JRE Executive Officer Koki Yoshino. The result, he said, is that power plant projects for JRE and other solar and wind power generators have stalled.

A study by Kyoto University Professor Yoh Yasuda found that only 19.4 percent of power grids are actually used nationwide, while the rest are empty.

"We would prefer regulations on the use of existing networks to open the market for the renewable energy industry," said Yoshino.

**Japan's Uneven Progress in Curbing Emissions**  
(In millions of kilotons of CO<sub>2</sub> equivalent)



SOURCE: UN



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## ELECTRICITY SOURCES: JAPAN VS. UNITED STATES

	 Oil	 Gas	 Coal	 Nuclear	 Hydro	 Others
	0.6%	33.6%	29.9%	19.5%	6.5%	9.9%
	39.7%	23.8%	25.4%	0.8%	3.3%	7.0%

SOURCE: METI; ELECTRIC POWER MONTHLY; CLIMATE ANALYTICS

## CUT AND BUILD

While the government is sticking with coal, some Japanese companies—including Konica Minolta, Inc., Mitsubishi Electric Corporation, and Sony Corporation—are pledging to reduce emissions. And some of Japan's power providers are also planning to shift away from coal.

Tokyo Electric Power Co. Holdings, Inc. (TEPCO) President Tomoaki Kobayakawa said in 2018 that the company, which owns the crippled Fukushima Daiichi nuclear plant, aims to increase the size of its renewable business over the long term to a level equivalent to that of its thermal power subsidiary JERA, which stands for Japan's Energy for a New Era. TEPCO has several renewable energy projects, including a planned offshore wind farm in Chiba, east of Tokyo, where the company is conducting a ground survey to determine the viability of the project.

Yet, a number of Japanese companies are still pushing coal overseas—particularly in the fast-developing economies of Southeast Asia. The IEA predicts that the amount of power

generated using coal will grow through 2022 in India and Southeast Asia, fueled by billions of dollars of funding and technical support from Japan and China. J-Power is among those involved, building a two-gigawatt coal-fired plant in Indonesia as part of a joint venture with local energy player PT Adaro Energy Tbk.

Back in Kobe, residents are gearing up for a long fight against the coal power plant. Some have filed a second lawsuit, this time against the Japanese government for letting Kobe Steel construct the plant after an impact assessment “which lacks environmental consideration.”

Kondo, like other residents, says she has no plans to back down. “As long as this violence continues, I want to raise my voice to stop it,” she said. ■

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Workers at the Isogo coal-powered facility in Yokohama



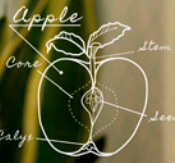


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# DIET DAILIES

BIWEEKLY MAGAZINE **KEIZAIKAI 経済界**

Japan policy updates translated  
from *Keizaiikai* magazine

## FINANCE MINISTRY

### PUBLISHERS GROUP REQUESTS CONSUMPTION TAX RELIEF

With the consumption tax set to rise from eight to 10 percent in October, a publishers group has requested that the government seriously consider sparing books and magazines from the hike. To justify the request, the group claims that newspapers, books, and magazines convey knowledge and, therefore, should be taxed at a lower rate. However, the administration of Japanese Prime Minister Shinzo Abe and the Ministry of Finance are reluctant to make new sectors eligible for tax reductions—and the rift appears deep.

Tax relief for books and magazines was first proposed in a 2016 revision of the tax law. Such action continues to be under review, with publishers' organizations going so far as to propose creation of a method for categorizing so-called "harmful" publications (e.g. pornography) that would be excluded from favorable treatment.

A committee comprising non-governmental parties, such as educational institutions, would draw up standards for the "harmful" publications and label books as eligible for tax relief using a self-imposed publishing ethics code. In cases where labeled books are suspected of not being eligible, the committee would deliberate and have the authority to increase the tax rate.

Publishers' groups began lobbying in the summer, proposing guidelines to heads of the governing party's tax system review group. They have also been putting pressure on former Minister of Education, Culture, Sports, Science and Technology Takeo Kawamura, who currently serves as chairman of the nonpartisan Characters Culture Promotion Organization and appears to favor a tax break for publications.

The Ministry of Finance, however, is reinforcing its opposition. A high-ranking official at the tax bureau, disinclined to accept the group's requests, was quoted as saying:



"The section of Japan's Constitution as relates to taxation provides for setting tax rates by law. It would violate the Constitution to have a public organization determine the tax rate for each book."

The group, however, has refused to back down. It pointed out that the Japanese Olympic Committee—a public organization—has been granted the authority to grant tax-free monetary rewards to athletes. "So, if a private group can be recognized as having the right to tax-free status, there should be no problem for another group to categorize the tax rates on books."

Should this happen, however, the ministry fears that application of different tax rates would wreak havoc on the retailing and distribution trade. At this point, it seems no end of the standoff between the ministry and publishers is in sight.

## CABINET OFFICE

### NEW CABINET MAKES CHANGES TO SOCIAL WELFARE AND ECONOMY AND TRADE

On October 2, the fourth Cabinet of Prime Minister Shinzo Abe was launched, and Toshimitsu Motegi—previously entrusted with economic and fiscal policy—will head two ministries: one related to social welfare and the other to trade and industry. The dual

role will give him added influence within the Cabinet.

It was announced that Abe had created a special post for Motegi, essentially "minister for social welfare spanning all age groups." As Japan's society ages, the cost of healthcare and pensions will balloon and the number of younger workers paying into the system will decline. It will, therefore, be desirable to shift to a welfare system designed for all generations rather than maintaining one structured to benefit only the elderly. More specifically, this calls for revisions in the working system to create a society of people in lifelong active service.

At a government conference entitled "Investment Plan for the Future," Motegi began pitching a comprehensive plan. He has also been entrusted as Japan's trade negotiator with the United States. Talks began in September, and Japan has already agreed, in principle, to reduce import tariffs on agricultural goods via the Trade Agreement on Goods (TAG). From his success in pushing through the Trans-Pacific Partnership (TPP) minus the United States, Motegi has already established a reputation as a tough negotiator.

Through the TAG, Japan was able to avoid imposition of higher US tariffs on Japanese cars. But it is highly likely that more market-opening pressures will be forthcoming. How Motegi deals with these will be a test of his mettle as a negotiator. ■

# ASIAN ACCOLADES

Best creative communications honored

By Megan Casson

Each year, the Agency of the Year (AOY) Awards recognizes outstanding business performance in the advertising and communications industries. Given out by marketing and communications journal Campaign Asia, the awards are split into five regional competitions:

- Australia and New Zealand
- Greater China
- Japan and South Korea
- South Asia
- Southeast Asia

Honors are also given to networks, and the AOY Awards is the only program that honors agency excellence at both the local and regional levels.

In 2018, the AOY Awards celebrated its 25th anniversary and expanded to the United Kingdom as well as the rest of Europe, the Middle East, and Africa (EMEA). The UK agency of the year will be revealed in March and the EMEA winner will be named in April.

## TOPS IN ASIA

The AOY Awards is a chance to congratulate agencies that have shown leadership, innovation, creativity, and contribution to the industry throughout the year.

The 2018 Japan/Korea Agency of the Year Awards ceremony took place at Andaz Tokyo Toranomon Hills on December 6, and the network honors were presented at the Ritz-Carlton Millenia in Singapore on December 13.

Regional and local management teams from major agencies attended to celebrate the successes their teams and those of fellow companies in the media, marketing, and advertising fields.

At Andaz Tokyo, eight individual and team awards plus 12 agency awards were given out. The panel of 11 judges—one

of whom was ACCJ member Jonathan Kushner—reviewed and scored entries independently in the first round. Scores were then sent to auditing provider PwC to confirm the shortlist, which was then discussed at another meeting of the judges to determine the winners.

TBWA\Hakuhodo, based in Tokyo's Minato Ward, was named Japan's Creative Agency of the Year for the eighth year in a row, and the company's Digital Collective took home Japan Digital Agency of the Year honors. The bronze Japan/Korea Best Culture of the Year as well as seven awards from the people and team categories also went to TBWA\Hakuhodo. Six out of seven were gold.

Ebisu-based MediaCom won Japan Media Agency of the Year after finishing third in 2017. In addition, their Asia-Pacific Chief Executive Officer Mark Heap was named Asia-Pacific Media Agency Head of the Year. MediaCom teams in Vietnam, India, and Japan received gold accolades, those in Indonesia and Hong Kong won silver, and bronze went to their New Zealand and Korea operations. ■





## NETWORK WINNERS

**Asia-Pacific Creative Network**  
GOLD: Ogilvy Asia

**Asia-Pacific Digital Network**  
GOLD: Mindshare Asia Pacific

**Asia-Pacific Media Network**  
GOLD: Mindshare Asia Pacific

**Asia-Pacific Programmatic Agency**  
Winner: Xaxis Asia Pacific  
Runner-Up: Omnicom Media  
Group Programmatic



## AGENCY WINNERS

### Japan Creative Agency

GOLD: TBWA\Hakuhodo  
SILVER: Ogilvy Japan  
BRONZE: J. Walter Thompson Japan

### Japan Digital Agency

GOLD: TBWA\Hakuhodo  
Digital Collective  
SILVER: Accenture Interactive  
BRONZE: Ogilvy Japan

### Japan Media Agency

GOLD: MediaCom  
SILVER: UM Japan  
BRONZE: Mindshare

### Japan/Korea Best Culture

GOLD: Ogilvy Japan  
SILVER: Accenture Interactive  
BRONZE: TBWA\Hakuhodo

### Japan/Korea Experiential Marketing Agency

GOLD: iProspect Japan K.K.

### Japan/Korea Independent Agency

GOLD: Wieden+Kennedy Tokyo  
SILVER: Asiance Korea Co Ltd  
BRONZE: relativ\*

### Japan/Korea Integrated Marketing Agency

GOLD: iProspect Japan K.K.  
SILVER: TBWA/Korea

### Japan/Korea PR Agency

GOLD: Edelman Japan

### Japan/Korea Specialist Agency

GOLD: McCann Health Japan  
SILVER: Omnicom Health Group

### Korea Creative Agency

GOLD: TBWA\Korea  
SILVER: DDB Group Korea

### Korea Digital Agency

GOLD: Asiance Korea Co Ltd  
SILVER: Isobar Korea  
BRONZE: TBWA's Digital Arts  
Network Seoul

### Korea Media Agency

GOLD: dentsu X Korea  
SILVER: UM Korea  
BRONZE: MediaCom Korea



# GET YOUR REFUNDS

## HOW TO RECLAIM PENSION AND TAX PAYMENTS WHEN LEAVING JAPAN

When leaving Japan, many expats are unsure how much money paid into government services can be reclaimed and how to make the request. If you have been paying into the national pension system and have been paying taxes in Japan, here is some guidance on making a smooth transition back to your home country.

### PENSION PAYMENT

A non-Japanese person who meets certain conditions may claim lump-sum withdrawal payments under the Employees' Pension Insurance system after departing Japan and ceasing to be a resident of the country.

These conditions include:

- Not having eligibility to claim any other Japanese statutory pension benefits
- Having paid into the Employees' Pension Insurance system for at least six months

English guidance for completing the Application for Lump-sum Withdrawal Payments is available from the Japan Pension Service (JPS) website. (See box for links.)

### INCOME TAX

A Lump-sum Withdrawal Payment under the National Pension system is not subject to income tax. A Lump-sum Withdrawal Payment under the Employees' Pension Insurance system, however, is subject to income tax of 20.42 percent. This tax is withheld at the source when JPS arranges payment.

Because a Lump-sum Withdrawal Payment is recognized as retirement income among the 10 income classifications under the Japan Income Tax Act, it is eligible for tax-favorable treatment. In general, a ¥400,000 income deduction is available for each year worked to offset the gross amount of Lump-sum Withdrawal Payment. Irrespective of the number of years worked in Japan, an ¥800,000 deduction is available to all taxpayers as the statutory minimum.

Further, in general, the gross amount of the Lump-sum Withdrawal Payment less the total income deduction is then halved to arrive at the taxable income. In many cases, the effective tax rate is reduced to zero or a single digit. Hence, the rate of 20.42 percent results in excessive withholding. A refund of this excess may be claimed.

### REFUND PROCEDURES

After leaving Japan, you may receive a tax refund by filing a return pursuant to Article 171 of the Japan Income Tax Act with a tax office in Japan.

To claim the refund, you need to designate the tax agent who will represent you to administer your tax matters in Japan. In general, the designation must be made prior to your departure by completing and filing the Declaration Naming a Person to Administer the Taxpayer's Tax Affairs for Income/Consumption Tax (Nozei Kanrinin no Todokedesho) with the tax office that has jurisdiction over your final place of residence in Japan. Anyone, including a non-Japanese national or corporation, may be designated as your tax agent as long as they live or are based in Japan. You may also designate your tax agent after departure.

When JPS remits the Lump-sum Withdrawal Payment to your designated bank account, which may be your overseas bank account, a Notice of Lump-sum Withdrawal Payments detailing the amount of payment and income tax withheld will be sent to you by airmail. Please send the original notice to your tax agent in Japan and ask the agent to prepare and file your tax return claiming the refund.

If you wish to dismiss your tax agent after receiving your tax refund, you are required to complete and file the Notification of Dismissal of Tax Agent (Nozei Kanrinin Kainin Todokedesho) form with the tax office. ■



### DOWNLOADS

English guidance for the Application for Lump-sum Withdrawal Payments

[www.nenkin.go.jp/service/jukyu/sonota-kyufu/dattai-ichiji/20150406.files/A.pdf](http://www.nenkin.go.jp/service/jukyu/sonota-kyufu/dattai-ichiji/20150406.files/A.pdf)

Declaration Naming a Person to Administer the Taxpayer's Tax Affairs for Income/Consumption Tax

[www.nta.go.jp/taxes/tetsuzuki/shinsei/annai/shinkoku/pdf/h28/08.pdf](http://www.nta.go.jp/taxes/tetsuzuki/shinsei/annai/shinkoku/pdf/h28/08.pdf)

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[www.nta.go.jp/english/taxes/individual/pdf/a-26.pdf](http://www.nta.go.jp/english/taxes/individual/pdf/a-26.pdf)



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



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# Magic of Mardi Gras

Annual extravaganza supports Shine On! Kids

By Mima Seminara

Shine On! Kids, an organization dedicated to making life better and brighter for sick children in Japan, is marking its 13th anniversary in 2019. To help us celebrate, you are invited to our Mardi Gras Magic Gala on February 8 at Tokyo American Club.

This year's theme is sure to deliver an entertaining evening of New Orleans-inspired food, music, and dance. But the true focus of the night is the meaning behind the magic. Enjoy uplifting stories from our wonderful program participants and soul-warming music from New Orleans legend Washboard Chaz while you learn about the healing benefits of our programs that empower, educate, and uplift children dealing with serious illnesses in Japan.

## HISTORY

Certified by the Japanese government as a special *Nintei* nonprofit organization in 2012, the Tyler Foundation—as it was known at the time—was founded in 2006 by long-term Tokyo residents Kim Forsythe and Mark Ferris. The couple was inspired by their happy and courageous son Tyler, who spent much of his short life battling leukemia. After losing Tyler, they realized they could use his struggles and their experience to create something positive for families enduring what they had.

Shine On! Kids has established a range of programs over the years to improve quality of life and support the psychological wellbeing of the children who are fighting illnesses and the family members who care for them. Two core programs to achieve these goals are Beads of Courage® and Facility Dogs.



Beads of Courage® mark treatment milestones.

## BEADS OF COURAGE®

Now in 20 hospitals across Japan, Beads of Courage® gives children colorful glass beads to commemorate treatment milestones. Each bead tells a story of strength, honor, and hope, and corresponds to a specific aspect of a child's medical treatment.

The program reduces illness-related stress, increases use of positive coping strategies, and restores a sense of self in patients.

## FACILITY DOGS

Combining the heart-warming, empathetic nature of our furry friends with the skill and experience of a nurse, the Facility Dog program brings an exceptional amount of joy, comfort, and healing to children and their parents. As part of Japan's first full-time, canine-assisted intervention program at a children's hospital, our facility dogs visit the rooms of young patients every day with their nurse handler.

Thanks to the success and powerful impact of the program, there is now a waiting list of hospitals requesting facility dog teams. While this news is encouraging and validates Shine On! Kids' unique "full-time medical care team model," sourcing dogs with the correct temperament and skills can be challenging.

Shine On! Kids has worked closely with Assistance Dogs of Hawaii (ADH) for the past eight years for the training and placement of all our hospital facility dog teams. However, we recognize that—to be sustainable—the success of the program cannot depend solely on ADH. Ms. Forsythe said: "It's time for our organization to move to the next level and explore sourcing puppies and training our own facility dog teams here in Japan. We will continue our valued

partnership with ADH as they work with us to oversee our processes as we prepare to launch our own training program here in Japan."

This is a very ambitious goal, but we are very excited about this strategic shift. It does mean that fundraising needs will increase, so community support at this year's gala is more important than ever. Please consider joining us and make a difference in the lives of children.

Shine On! Kids would like to extend a huge thank you to our very generous, long-term partners who continue to help make our programs a reality and our gala a success—in particular, United Airlines, Inc. for their generous donations of auction prizes this year and Pieroth Japan K.K. for providing all the fabulous wine for the night. ■



**Shine On! Kids**

Supporting children with cancer and other serious illnesses in Japan and their families

February 8 at 6:00 p.m.

Tokyo American Club ■ ¥30,000/person

Details and tickets: [sokids.org](http://sokids.org)

Updates: [facebook.com/shineonkidsjapan](https://facebook.com/shineonkidsjapan)

The ACCJ thanks its

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AIG Companies in Japan	Goldman Sachs Japan Co., Ltd.	MSD K.K.
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