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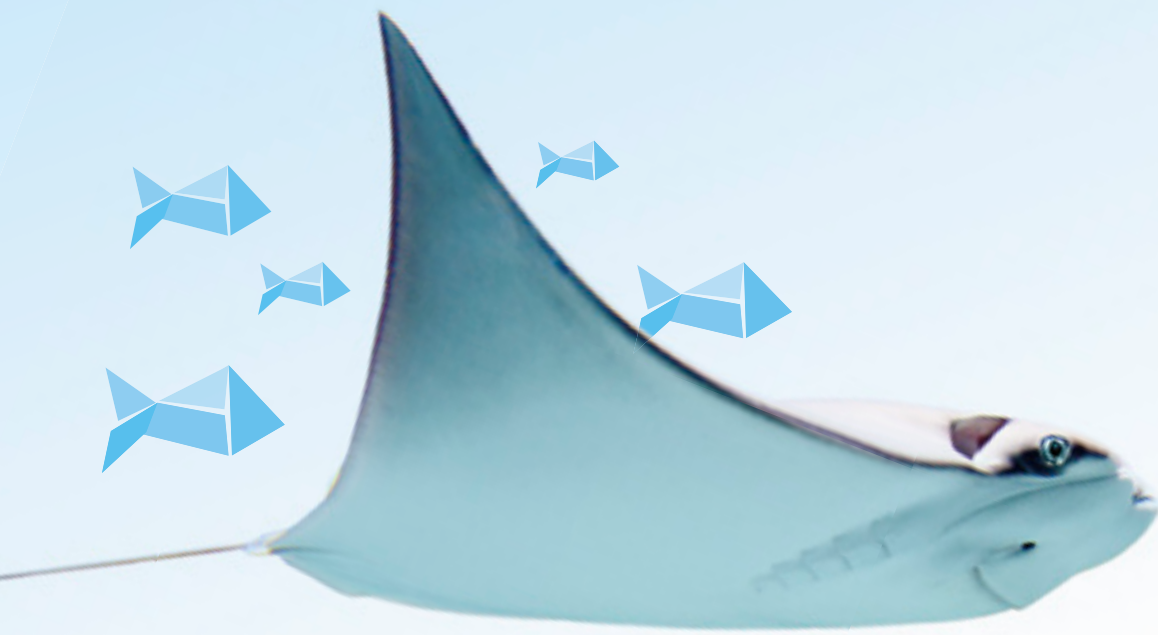
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PERSON OF THE YEAR

## ANDY SAITO

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## COVER PHOTO

2017 ACCJ Person of the Year Andy Saito

IMAGE: SATOSHI AOKI, LIFE14

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JAXA's H-IIA rocket

PHOTO: MITSUBISHI HEAVY INDUSTRIES, LTD.

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# FUTURE MISSION



Christopher Bryan Jones  
chris@custom-media.com

Our April issue of *The ACCJ Journal* focuses on science, technology, and bringing people together. From healthcare to space exploration, entrepreneurship and innovation of all kinds are alive and well in Japan.

## COME TOGETHER

Ideas are borne of collaboration, and meeting the right people makes all the difference for individuals and startups. Three companies that we've dubbed "innovation incubators" are opening new facilities to make it easier for those with a dream to find the connections and funding needed to bring it to life. On page 24, we talk to leaders of each to find out why they see Tokyo as their next big market.

## REACH HIGHER

Some of those entrepreneurs have their eyes set on the stars. When it comes to the private space industry, companies such as SpaceX in the United States may get the lion's share of coverage; but there are many homegrown space businesses in Japan. On page 20, we meet these visionaries to learn about the future of collaboration between government and the private sector in areas such as rocket development, new engine technology, satellites, and cleaning up Earth's orbit.

## PROTECT THE PAST

Some creations were completed long ago, and preserving them for future generations is important. For Japan, two art forms—manga and anime—are threatened by the aging of the materials on which they were recorded. Some in the government are interested in preserving these works in a state-funded library. On page 34, we ask industry experts about the steps that can be taken and the legal obstacles that must be overcome.

## STAY WELL

To achieve any of these things, we must first stay healthy; and that's what is on the mind of global pharmaceutical maker AstraZeneca every day. The company is set for a groundbreaking year with six new treatments, and on page 28 we sit down with its new Japan President Stefan Woxström to learn about their breakthroughs, the experience and lessons he brings from Sweden to Japan, and what the future holds for Japanese patients.

## CHAMBER CHANGE

All of these things tie in to one of the ACCJ's most important focuses: advocacy. On page 6, we sit down with vice presidents Amy Jackson, Jonathan Kushner, and Yoshitaka Sugihara for a roundtable on the chamber's refreshed strategy and how the five themes at its core will help the ACCJ better deliver on its mission. ■

A flagship publication of the American Chamber of Commerce in Japan (ACCJ), *The ACCJ Journal* is a business magazine with a 55-year history.

The American Chamber of Commerce in Japan (ACCJ) mourns the recent passing of Yumi Goto, ACCJ governor and senior vice president of Public Affairs and Communications at Coca-Cola (Japan) Co., Ltd.

This year marked Yumi's 20th year of ACCJ membership and her first term as an ACCJ governor. Her ACCJ membership began with the Pharmaceutical Research and Manufacturers of America (PhRMA) in 1998 where she served as director of public advocacy and policy for nearly a decade. She then joined Bristol-Myers K.K. as executive officer and senior director of public affairs and policy before joining Coca-Cola (Japan) in 2013.

Over the years, the ACCJ was fortunate to benefit from Yumi's energy and talent. She regularly joined the annual Diet Door-knock and contributed her expertise to multiple ACCJ committees, including the Women in Business Committee and the Healthcare Committee.

In honor of Yumi, the ACCJ will make a charitable donation to TELL—formerly called Tokyo English Life Line—in her name.

Yumi's talent, professional dedication and friendship will be remembered and missed by all of her many friends in the chamber. We extend our gratitude and condolences to her family at this very sad time.

## Remembering Yumi Goto



# Clear Vision

ACCJ leaders look to the future

By C Bryan Jones

In our past three issues, American Chamber of Commerce in Japan (ACCJ) President Sachin N. Shah has shared his vision for the chamber. The Board of Governors has been hard at work on developing this vision into an action plan and, on March 13, the leaders gathered for an extended meeting to deep-dive on strategy and advocacy focuses for 2018. *The ACCJ Journal* sat down with three ACCJ vice presidents—Amy Jackson, Jon Kushner, and Yoshitaka Sugihara—to learn more about the plans.

## Why does the ACCJ need a refreshed strategy?

**Kushner:** It comes down to the chamber's ability to deliver value to its members and fulfill its mission in a changing environment. You've probably heard Sachin Shah talk about some of these changes, such as a growing and increasingly diverse chamber membership, an aging society, and an evolving US–Japan economic partnership. These are challenges, but they are also opportunities. As an organization, we need to ensure we adapt so we can continue to support growth opportunities for US businesses in Japan.

**Jackson:** The strategy has three parts: member centricity; relevant and strong advocacy; and operational excellence. The first relates to an improved value proposition for all ACCJ members to position the chamber for sustainable growth. The second is about strengthening the ACCJ's advocacy voice. This will help accelerate change in the business environment to benefit the Japanese economy and

companies doing business here. The third is about making the chamber more agile and transparent, so that we can react quickly to changes and turn them to our advantage.

## Why is advocacy so important?

**Sugihara:** ACCJ member companies—large and small—share a common commitment to Japan. We employ tens of thousands of people, and our businesses are spread around the country. For many larger companies, Japan is still one of the biggest global markets. So, we are major contributors to Japan's economy and society, and we have a stake in Japan's growth and prosperity. That's why we need a strong voice on policies to continue improving the business environment here.

**Jackson:** I agree with that. I would also say that many of our member companies joined the ACCJ because of our sustained efforts to resolve “doing business” issues. This focus on advocacy truly differentiates us from other organizations. Networking and information-sharing are key pillars of the chamber's activities, but we are not the only organization in Japan doing those things. Developing a reputation as an effective advocate takes time and, over the past 70 years, the ACCJ has worked to develop strong partnerships with the US and Japanese governments and other stakeholders that enable us to deliver on this part of our mission for our members.



**Jonathan Kushner**

Vice president, communication division,  
McDonald's Company (Japan), Ltd.



**Yoshitaka Sugihara**

Head of policy and government relations,  
Google G.K.



**Amy Jackson**

Japan representative, Pharmaceutical Research  
and Manufacturers of America (PhRMA)

### How will the five themes allow the chamber to better deliver on its mission?

**Jackson:** The ACCJ has a longstanding reputation for advocacy, but our advocacy today tends to be spread across dozens of committees. This means issues sometimes get siloed and we fail to maximize advocacy projects that involve hundreds of hours of volunteer time by committee members. In addition, many issues facing companies in Japan, such as labor reform, are not neatly categorized by industry. Our positions on these crosscutting issues often lack clarity for external stakeholders, such as government or media.

**Kushner:** On that last point, I think it's clear we have work to do on communicating our advocacy positions more effectively. For example, when members meet senior government officials, we often share our advocacy documents and statements on multiple issues, which can make it a challenge to understand which issues are most critical to US businesses on the ground. Communications, both internally to members and externally to government and media, is a major part of the strategy.

**Sugihara:** I would also say our five priority advocacy themes are aligned very well with the policy priorities of the US and Japanese governments. This is deliberate.

In advocacy, we sometimes need to take difficult positions, but usually we want to be swimming in the same direction as the government. Our aim should be to help them achieve their goals. For issues such as workforce productivity or cybersecurity, this often means highlighting best practices that US companies bring to Japan.

### What's on the 2018 advocacy calendar?

**Kushner:** Committees are still the driving force behind our advocacy. The Healthcare Committee is looking at a project on the sustainability of the healthcare system to potentially include a major event sometime in the fall. In workforce productivity, we are discussing how to build on the Women in Business brand to advocate on labor and workstyle reform more generally. And in US-Japan relations, we are focused on proposals to both governments to make concrete progress in the bilateral Economic Dialogue. With work already underway in many areas, our task is to coordinate and communicate these initiatives for maximum effect.

**Jackson:** It is important for the Board of Governors to engage more directly with the advocacy work done at the committee level. For example, today we had leaders of the Healthcare Committee presenting directly to the board on their plans for the year.



ACCJ Governors—Tokyo Brett C. Gerry and Alison Jane Espley, Chairman Christopher J. LaFleur, President Sachin N. Shah, Executive Director Laura Younger





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## What impact have political and economic shifts had on US businesses?

**Sugihara:** The US–Japan economic partnership is stronger than ever, but there is room to make it stronger. Following the withdrawal by the United States from the Trans-Pacific Partnership (TPP), the United States and Japan established a new mechanism for addressing trade and economic issues: the bilateral Economic Dialogue. The ACCJ has an opportunity to play a role in defining what issues should be brought to the table by both countries.

**Jackson:** Japan has also successfully pushed ahead with a modified trade deal, commonly known as the TPP 11, which includes 11 of the original 12 TPP countries minus the United States. Against this backdrop, there is talk about whether Japan should enter bilateral free-trade agreement talks with the United States or wait for them to come back to multilateralism. We have been discussing this today at the Board of Governors meeting. Whatever happens, in the short term, we have a chance to move forward to resolve key issues and look for opportunities for both countries. This is the initial focus of the US–Japan Economic Partnership Forum, a group I am co-chairing with Boeing Japan CEO Brett Gerry and GE Japan CEO Eriko Asai. As a business organization, it's important that we focus on concrete issues to improve commercial ties for both countries and improve the business environment here in Japan.

## Any final comments?

**Kushner:** It's an exciting time to be involved with the chamber. There's a lot going on, but I think these changes are going to ultimately make the ACCJ stronger and a more effective advocate for US companies in Japan.

**Jackson:** Stay tuned because there is more to come in 2018! ■

## JAPAN VOICES

The Board of Governors welcomed three special guests to the March meeting: one representative each from domestic business associations Keidanren and Keizai Doyukai, and a senior official from the Japanese Ministry of Foreign Affairs (MOFA).

**Teiji Hayashi**, deputy director-general of the Economic Affairs Bureau, MOFA



**Kunio Ishihara**, chair of the Committee on US Affairs, Keidanren (counselor, Tokio Marine & Nichido Fire Insurance Co., Ltd.)



**Yukio Tada**, chair of the Americas–Japan Relations Committee, Keizai Doyukai (senior advisor, Sojitz Research Institute, Ltd.)



MOFA's Hayashi gave a presentation on trade and economic policy, including Japan's views on opportunities to strengthen US–Japan commercial ties. The discussion with the two business associations focused on areas of mutual interest, including workforce productivity and the US–Japan relationship. The meeting was a step toward enhanced collaboration between the ACCJ and domestic stakeholders in areas where interests overlap.





# Seven Stars in Kyushu



Seven Stars on the Hoho Line (2015)

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As the saying goes, it's not the destination that matters – it's the journey. This luxury sleeper train shows passengers the stunning landscape and unique culture of Japan's southern island of Kyushu, the slow way. With a choice of two-day or four-day itineraries, it's a cruise on rails: a chance to glide past glistening rice fields, steaming hot springs, rocky coastline and towering volcanoes where high-speed trains simply don't go. Moreover, as part of the charms of Seven Stars, passengers will notice warm welcomes from locals, artisans' effort and passion, crews' friendly and heart-warming hospitality, and a story for every bit of the train, from a single nail to the customer service along the train operation, which make Seven Stars what it is. This is something you can't find anywhere, except in Kyushu, on Seven Stars. It is the Kyushu way, really.

Highlights of a Seven Stars journey might include the seaside shrines of Miyazaki, Arita's centuries-old pottery kilns, a night view of Nagasaki harbor or a soak in hot springs. But there's another attraction: the train itself. Its picture windows are designed to showcase the best of Kyushu, and so is its interior, from handcrafted lattice screens to Arita porcelain washbasins and ensuite showers paneled with fragrant Japanese cypress. The dining car serves seasonal delicacies from across Kyushu, while a lounge offers live music and the opportunity to mingle. And, with 14 suites individually decorated by local artisans, going to bed is a luxury in itself.



### GETTING THERE

- Fukuoka Airport has both international and domestic access, and has direct flights from several countries.
- From Tokyo, it takes about 1 hour and 40 minutes by plane, 5.5 hours by shinkansen (bullet train).
- From Osaka and Kyoto, it takes about 2.5 hours by shinkansen.

The Seven Stars cruise begins and ends at Hakata Station in Fukuoka, Kyushu's largest city.



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Sakurajima and Seven Stars in Kagoshima pref. (2017)

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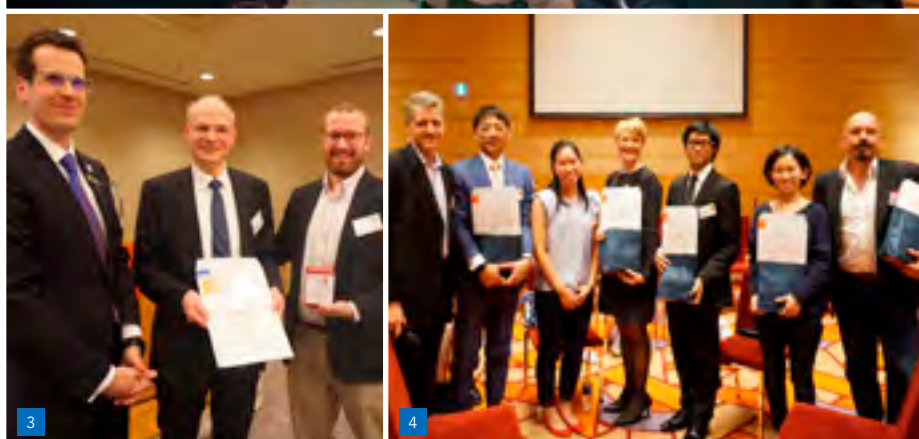
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- 1 Suda Sudarsana, R&D site leader at P&G Japan's Kobe Innovation Center, discusses the importance of researching consumers in his presentation entitled “#knowliveloveconsumer” at the Leadership Series 2018 on February 19 at P&G Japan.
- 2 From left: ACCJ-Chubu Living in Chubu Committee Vice-Chair Andy Boone, Gloria Nakane, and Rebecca Curtis at the ACCJ-Chubu Shinnenkai at Hilton Nagoya on January 30.
- 3 ACCJ-Chubu Business Program Committee Chair Felix Busch, Fujitsu Research Institute Economic Research Center Senior Economist Dr. Martin Schulz, and ACCJ-Chubu Business Program Committee Vice-Chair Daniel Wallin at the event “Business Strategies After the Money Glut—Productivity, Services, and Value Creation” at Hilton Nagoya on March 6.
- 4 From left: ACCJ ICT Co-Chair Mike Benner, Seven Dreamers Laboratories, Inc. President and CEO Shin Sakane, American School in Japan (ASIJ) student Millie Kobayashi, diversity and inclusion consultant and leadership coach Jennifer Shinkai, ASIJ Class of 2018 student Yusuke Ma, CareFinder Founder & CEO Megumi Moss, and Dictionary Films Tokyo Executive Producer Peter Grasse at the 3rd Annual ACCJ-ASIJ Engage Innovators & Entrepreneurs Forum at Tokyo American Club on March 14.
- 5 From left: ACCJ Women in Business Committee (WIB) Vice-Chair Yoshiko Zoet-Suzuki, Amazon Japan G.K. Employer Branding Program Manager Timothy Schepis, Alexa Experience and Devices Country Manager Karen Rubin, Alexa Managing Editor Kimiko Aso, Alexa Industry Recruiter Risa Ogawa, and WIB Chair and ACCJ Governor-Tokyo Ryann Thomas at the Amazon Workshop on self-branding at Tokyo American Club on March 19.
- 6 The ACCJ-Kansai Women in Business Committee welcomed Aika Nanao (second from left), director of public relations at MGM Resorts Japan LLC, as the spotlight guest for the networking event Bella Nova Night #16, held at Grand Front Osaka's Knowledge Salon on March 9.



## 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*.

- **APRIL 10**  
Brand Myself: Self Branding for Your Career (Kansai Speaker Event)
- **APRIL 16**  
Young Professionals Mentorship Series (Chubu Event)
- **APRIL 24**  
A Conversation with Maserati Japan President Guido Giovannelli: The Power of Change

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# Japan's Use of Medicines

A perspective on an evolving market and outlook to 2022

By Maxine Cheyney

**J**apan accounts for 7.3 percent of the global pharmaceuticals market. But what impact will the recently announced National Health Insurance (NHI) price revisions have?

On March 14, Alan Thomas, director of thought leadership at health analytics company IQVIA, spoke to members of the American Chamber of Commerce in Japan (ACCJ) about the challenges, opportunities, and outlook through 2022. The event was hosted by the ACCJ Healthcare Committee in partnership with the Pharmaceuticals, Medical Devices and Diagnostics, and Regenerative Medicine and Bioscience Subcommittees.

## GLOBAL MARKET

While pressure to lower prices and shift to generics may impact potential profits, Thomas sees the future as bright for pharmaceutical companies which continue to invest in research and development (R&D) and innovation. "Japan is, and will continue to be, the second-largest pharma opportunity for innovative manufacturers. I am very confident that we will see a noticeable increase in the share of sales for specialty and biologics from Japan."

In terms of product segments, he noted a drop in volume across all categories from 2016 to 2017. This includes premium brands, standard brands, repricing, long-listed products, generics, and others.

"There has been considerable acceleration in the use of generics. This is a result of Ministry for Health, Labour and Welfare (MHLW) policy and the emergence of authorized generics."

As of Q4 2017, if a generic is available it is dispensed 69.4 percent of the time. This puts Japan on track to hit its 80-percent utilization target in 2019. Today, ¥2 trillion is being saved because of this.



Thomas acknowledged that the increased use of generics could be a risk to those with a minimal R&D presence. "If you are a truly R&D-driven company, you will be investing in launch, you will be investing in specialty, you will be investing in those opportunities that still remain relatively strong."

## GROWING OLD

One of Japan's biggest challenges is its aging population. Those aged 65 years and older account for 56.5 percent of healthcare spend. And as the number of seniors rises, one would expect extreme stress on the system.

"Interestingly, the 65-plus population today is actually far healthier than they have been, and the annual drug and healthcare spend per capita in that age bracket is actually starting to shrink."

But the balance between a growing elder population and shrinking workforce means the burden on individuals will increase. By 2020, two workers (those aged 15 and over) will be supporting one elderly person. In 1970, each elderly person was supported by 9.8 workers.

Thomas noted one possible solution. "There are a number of discussions on extending the retirement age by allowing individuals to work until they are 70 or 71, on the assumption that they will get a slightly higher pension on retiring."

## NEW PRICES

The NHI price lists released on March 5 will continue to reduce cost. There is a projected ¥750 billion to ¥760 billion in savings with the new 2018 NHI revision. This, in part, due to how product segment sales and shares are defined.

To be eligible for the new price maintenance premium from April 2018, a product must be:

- Designated as an orphan drug
- Developed at the MHLW's request
- Granted one of the pricing premiums at launch
- And have a new mechanism of action that meets the MHLW's innovative/ usefulness criteria or a second or third product to market with new mechanisms of action, launched within three years of the first-in-class product.

Looking ahead to 2022, the NHI price revisions are not necessarily truly negative. "The market will go from around ¥10.7 trillion today to just over ¥10 trillion in 2022. This does not mean it's a bad market. It's a flat market, yes, but there are continued opportunities for growth, and these will stay relatively unchanged over the next five years—in specialty, biologics, and launch." Thomas added: "This all hinges on whether or not you continue to be rewarded for your investment in innovation." ■






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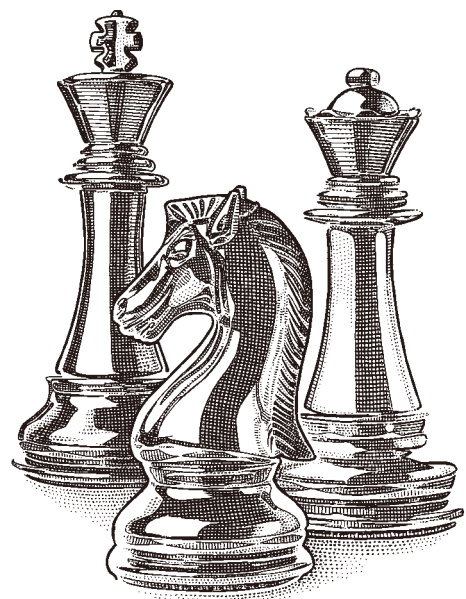
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# Future Leaders

Developing those who will represent Japan globally

By Mie Kitano



**G**lobal leadership has been identified by many companies as the key to growth, and there is an urgent need to develop future leaders to represent Japan on the world stage. For member companies of the American Chamber of Commerce in Japan (ACCJ), global operations are a given, and it is critical to have the human resources in place to build a strong organization in Japan and the region. The ACCJ-Kansai Leadership Series directly supports this need, offering promising individuals the opportunity to learn directly from the experiences of successful executives, as well as from each other.

## GROWING POTENTIAL

The series of events, hosted by the ACCJ-Kansai Women in Business Committee, was originally conceived around the goal of strengthening the Kansai economy by supporting a new generation of leaders who desire to step up and develop themselves for a global role. During its first years, the program attracted participants from ACCJ-Kansai corporate sustaining member companies, reflecting the importance of these organizations to the business community.

The Leadership Series has expanded to include participants from 10 ACCJ member companies across Japan. It is more than simply a set of lectures by top management of prominent organizations. The program format provides participants—who commit to attending the four-part series—ample

time to engage with the speakers and each other in breakout discussions on topics related to each presentation.

These opportunities to exchange ideas and create stronger networks across industries and functions are key to the program's popularity. The series also highlights the importance of a diverse workforce, which is a key focus of the Women in Business Committee's activities.

Now in its seventh year, the program has attracted more than 350 individuals—both Japanese and non-Japanese—and created a robust cohort of alumni contributing to organizations in Kansai and beyond.

To encourage and support participants' development, speakers give presentations on topics related to their leadership, touching on the challenges, transitions, and skills they found most useful as they progressed in their careers. They also openly share their failures and what they have learned from them.

Participant feedback shows very high appreciation of the “informative, practical, and inspiring presentations based on the speakers' actual experiences.”

## SUCCESS STORIES

Themes from past discussions have included inspirational leadership, how to impact

engagement and upward influence, following your passion, learning and problem solving by examining evidence, and exploring key skills for Japanese leaders working internationally.

On March 7, ACCJ-Kansai Governor and Eli Lilly Japan K.K. President Patrik Jonsson spoke about “Leadership and Impact on Engagement.” He shared his journey in creating a great place to work, bringing Eli Lilly to a position as one of the top 10 pharmaceutical companies in Japan. He also shared insights on why Eli Lilly has been recognized in consecutive years as one of the best places to work. Through his presentation and table discussions, participants learned first-hand about the importance of universal skills and how to connect with people by building trust and making others feel included by creating a culture of speaking up.

To date, speakers have included the presidents of ACCJ member companies such as AIG's Bob Noddin and Bayer Yakuhin Ltd.'s Heike Prinz. As the number of graduates grows, we hope to support a strong base of up-and-coming leaders as they guide their organizations to success. We look forward to seeing how our alumni move forward, utilizing their peer networks and innovative leadership approaches to drive growth not just in Kansai, but throughout Japan. ■

**Mie Kitano** is co-chair of the ACCJ-Kansai Business Programs Committee and former co-chair of the ACCJ-Kansai Women in Business Committee.

The American Chamber of Commerce in Japan (ACCJ) honored Atsushi “Andy” Saito as the 2017 Person of the Year at an event on March 20 at Tokyo American Club. After an overview of the history of the award by ACCJ Financial Services Forum Chair Andrew Conrad, ACCJ Chairman Christopher LaFleur welcomed Saito to the stage with a warm introduction.

“It is my distinct honor and pleasure to introduce Mr. Andy Saito, our 2017 recipient of the ACCJ Person of the Year award,” said LaFleur, welcoming the commissioner of the Nippon Professional Baseball Organization and senior fellow at KKR Global Institute, which is part of leading global investment company Kohlberg Kravis Roberts & Co. L.P.

“The ACCJ presents its Person of the Year award to individuals who have significantly impacted the global business environment in Japan. Our 2017 recipient could not be more emblematic of this,” said LaFleur. “Today we are honoring Andy for his contributions to the Japanese financial market and the Japanese economy overall as president and chief executive officer of Japan Exchange Group.”

In his acceptance speech, Saito talked about how inefficiency, stagnant growth, and aversion to change can affect Japan’s future, and how the Tokyo Global Financial Center Promotion Council is working to promote the city as one of the world’s top financial centers. He highlighted the critical changes Japan must make to overcome the issues it is facing, increase competitiveness, and promote future growth.

ACCJ 2017  
PERSON  
OF THE YEAR

## ANDY SAITO

Former CEO and President of  
the Japan Exchange Group

By Mona Ivinskis





## COMPETE

For the past two decades, Japan has fallen short against global rivals. But, a turning point has been reached, Saito said, and the gap in productivity per hour worked between Japan and the United States has grown to an astonishing 31 percent. The profit margin of Japanese manufacturers, which has long lagged that of US counterparts, has worsened by two or even three times.

“Japan has, unfortunately, failed in its efforts to implement ways to improve productivity and international competitiveness,” said Saito. He explained that, while Japanese companies invented or developed many of the technologies that now dominate the global electronics industry, they have not been successful in commercializing these great inventions.

An example given is the lithium-ion battery, which was invented by professor Akira Yoshino of Asahi Kasei Corporation. The QR code, created by Aichi Prefecture-based Denso Wave Incorporated, is another example.

The continued success of these companies, Saito said, can be credited to good management capabilities and the business knowledge of their managers. But, by keeping to traditional ways that incorporate diversified values and globalization only to a limited extent, Japanese companies have cut themselves off from the rest of the world.

## REFORM

When Saito became president and CEO of the Tokyo Stock Exchange, he learned that investors abroad were not attracted to Japanese stocks—mainly due to low return on equity (ROE) and ambiguous corporate governance.

“Japan must change and disrupt the traditional customs, way of thinking, system, etc. We don’t have time [to waste],” he urged. To be truly competitive in the global arena, Japanese companies must live up to the valuations and expectations of the financial market, where portfolio selection is based on peer comparisons on a global scale.

Often stated as the persistent weakness of Japanese companies, efficient capital use—especially improved ROE—is the key to winning confidence from the market. Aware of this, Saito has devoted himself to tackling the challenge that has been left untouched for too long in Japanese business circles: reforming corporate governance to improve the capital efficiency of Japanese companies and their enterprise value.



## ACCJ PERSONS OF THE YEAR

2016	Caroline Kennedy, 29th United States Ambassador to Japan
2015	Wendy Cutler, vice president and managing director, Asia Society Policy Institute
2014	Fumiko Hayashi, mayor of Yokohama
2013	Fujio Cho, honorary chairman of Toyota Motor Corporation and president of the Japan Sports Association
2012	John V. Roos, 28th US ambassador to Japan Susan H. Roos, Labor attorney and wife of the ambassador
2011	Hiroshi Mikitani, CEO of Rakuten, Inc.
2010	Dr. Kiyoshi Kurokawa, professor at the National Graduate Institute for Policy Studies, and chairman of the Health Policy Institute, Japan
2009	Tadashi Yamamoto, president, Japan Center for International Exchange (JCIE)
2008	J. Thomas Schieffer, 27th US ambassador to Japan
2007	Prof. Heizo Takenaka, director of Keio University's Global Security Research Institute
2006	Hiroshi Okuda, senior advisor and member of the board, Toyota Motor Corporation
2005	Taizo Nishimuro, chairman & CEO, Tokyo Stock Exchange; advisor to the Board, Toshiba Corporation
2004	Howard H. Baker Jr., 26th US ambassador to Japan
2003	Yuzaburo Mogi, president & CEO, Kikkoman Corporation
2002	Masamoto Yashiro, chairman & CEO, Shinsei Bank, Limited
2001	Yoshihiko Miyauchi, chairman, Orix Corporation; vice chairman, Keizai Doyukai; chair, Council for Regulatory Reform
2000	Thomas S. Foley, 25th US ambassador to Japan
1999	Dr. Kazuo Inamori, founder and chairman emeritus, DDI (now KDDI) Corporation and Kyocera Corporation
1998	Hideo Ishihara, chairman, Goldman Sachs Japan
1997	Yotaro Kobayashi, chairman and CEO, Fuji Xerox Company, Ltd.

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## CHALLENGE

With Saito's help and continuous dedication, things are moving forward and strong advice concerning these issues is becoming available. "The actual amendment of the Companies Act and the introduction of the Corporate Governance Code and Stewardship Code come across as new guidance for Japanese corporate managers," Saito said. He optimistically observed that Japan's move to address corporate governance seems like a miraculous turn of events.

Returning to the Tokyo Global Financial Center Promotion Council, Saito outlined how he and other members have discussed ways to transform Tokyo into a financial center and revitalize growth. He said they will continue to raise awareness and understanding of the codes, and highlight efforts by listed companies to achieve the stated goals through growth-oriented governance.

Recommendations for achieving these goals include improvements to Tokyo's business and living environment, launching platforms for English-language consulting and tax incentives, finding measures to attract overseas financial companies, and emphasizing customer-oriented business practices.

In response to rapid technological changes around the world, Saito and his colleagues advise the Tokyo Metropolitan Government to change the labor laws, which at the moment are very inflexible and based on a seniority system. To implement a white-collar exemption to the labor laws covering overtime work within metropolitan Tokyo, Saito recommends utilizing the *tokku* framework that recognizes the functional labor structure and dynamic nature of global financial services. Today, Japan is facing a rapidly aging and declining population; and Saito said that, although it will require considerable time, talent, and financial commitment, it is crucial that the country address these time-consuming challenges. "Without painful challenges, we cannot survive for the future." ■



A grateful Board of Governors of the  
American Chamber of Commerce in Japan (ACCJ)  
presents this Certificate of Appreciation to

## Mr. Atsushi "Andy" Saito 2017 ACCJ Person of the Year

Through his strategic leadership as CEO and President of the Japan Exchange Group, Atsushi Saito oversaw the consolidation and rebuilding of Japan's major exchanges into one of the world's most important and attractive financial markets. Furthermore, Mr. Saito's introduction of management performance criteria to his exchange's major indexes played a key role in strengthening corporate governance in Japan.

Mr. Saito's understanding of market demands and the need to be accountable to multiple stakeholders enabled him to help activate an entire economy to pursue meaningful reform. His corporate governance initiatives made Japanese companies not only more accountable, but also better equipped to face modern business challenges and contribute to the revival of long-term, sustainable growth in Japan. In so doing, he fundamentally shifted the way business is done in Japan for the better and strengthened global confidence in Japanese business.

The ACCJ wholeheartedly applauds Mr. Saito's contributions to support a more vibrant business climate in Japan for all companies and is proud to present him with the 2017 ACCJ Person of the Year Award.

### Christopher LaFleur

Chairman

The American Chamber of Commerce in Japan



Mankind's relationship with space changed forever on October 4, 1957, when the Soviet Union launched *Sputnik 1*, an 83-kilogram unmanned satellite. This was followed on November 2 by *Sputnik 2* and its canine passenger, Laika, and on April 12, 1961, by *Vostok 1*, which carried cosmonaut Yuri Gagarin, the first human to go into space.

These events pushed the United States to prioritize and accelerate its own space program and led to groundbreaking achievements such as the Apollo moon landings and the space shuttle program, which offered Japanese explorers and scientists access to space. Japan itself put its first satellite, *Osumi*, into orbit on February 11, 1970.

One thing all these efforts have in common is government backing. That has continued to be the case in the years since. And while today government continues to play the primary role in the development of technology for reaching space, the private sector has come on strong over the past two decades. Jeff Bezos founded Blue Origin LLC in 2000, Elon Musk launched Space Exploration Technologies Corp.—better known as SpaceX—in 2002, and Richard Branson expanded his transportation empire to the stars in 2004 with Virgin Galactic. The quests of Bezos and Musk are chronicled in *The Space Barons*, a new book by Christian Davenport released on March 20.

Japanese entrepreneurs are also eying space. Interstellar Technologies Inc. (2003), PD AeroSpace, LTD. (2007), and Axelspace Corporation (2008) are all homegrown private space companies, and Singapore-based Astroscale Pte. Ltd., founded in 2013, opened its research and development office in Tokyo in 2015.

## LEADING THE WAY

Japan, a relative latecomer to space business, draws great inspiration from the United States. The US National Aeronautics and Space Administration (NASA) and the Japan Aerospace Exploration Agency (JAXA) have a long history of cooperation. So, it is natural to look across the ocean for the direction Japan's space industry may take.

*The ACCJ Journal* asked Garvey McIntosh, NASA Asia Representative at the Embassy of the United States, Tokyo, about the synergy between government and private efforts. "In the United States, the private sector is a key partner in space exploration. NASA's ambitious commercial space program has enabled a successful partnership with SpaceX and [defense industry company] Orbital ATK to resupply the International Space Station," he said. "And soon, NASA and its international partners will be able to use commercial services to deliver crew from the United States to the International Space Station and other destinations in low Earth orbit. A successful and vibrant commercial sector is extremely important to overall US objectives in space exploration."

The Japanese government has taken its own steps to nurture the private space industry. On November 16, 2016, the Diet passed the Space Activities Law and the Remote Sensing Law, both of which will take effect this November.

# PRIVATE SPACE

## Japan entrepreneurs aim for the stars

By C Bryan Jones



PHOTO: MITSUBISHI HEAVY INDUSTRIES, LTD.





PHOTO: ©2017 INTERSTELLAR TECHNOLOGIES INC.

Interstellar Technologies' MOMO rocket could greatly reduce launch costs for small payloads.

"These government initiatives are intended to facilitate and boost the private sector's momentum and activities," said JAXA spokesperson Nobuyoshi Fujimoto, speaking to *The ACCJ Journal* about US–Japan parallels. "Interstellar Technologies Inc. illustrates the ongoing private participation in space transport services. However, the social landscapes of the two countries are different and the size of investment in the Japanese market is smaller. Japanese private businesses will evolve to offer services and products that are unique to the market. Private-sector space companies in Japan will probably not be the same as SpaceX or Blue Origin."

But while these companies may not be planning missions to Mars, they are charting paths into low Earth orbit that are important for business—and by doing so they free up the government agencies to focus on exploratory missions.

McIntosh explained: "While there is a clear focus on the Moon and, ultimately, Mars, it is important that we look back to make sure there is a vibrant low-Earth-orbit economy spurred by the work that has already been done on the International Space Station. Low Earth orbit is the area in which space startups might be able to contribute immediately. We are looking for them to be innovative and to come up with ideas as to how they might best contribute."

### GO LOW

Axelspace is advancing the use of low Earth orbit through satellites that are more affordable and flexible. The company's microsattellites offer service providers the ability to bring technologies to market that might otherwise be too expensive.

Axelspace President and Chief Executive Officer Yuya Nakamura cites low cost and short development time as benefits. "Traditional satellites are normally too expensive for private companies, so microsattellites would be a best fit for most applications in the private sector. We can design a dedicated satellite for our client and offer full flexibility for what they want to do with their satellites."

The company's own AxelGlobe, an infrastructure for observing Earth, is a good example of how microsattellites

can be used effectively despite their size and individual limitations. "Small satellites are low cost, but their capabilities cannot compete with traditional big satellites. You get what you pay for," explained Nakamura. "So, we wanted to create a new value in a different manner from big satellites. The number of satellites in orbit is our answer. Big satellites are expensive, so typically it is a single satellite mission for most applications. We can launch dozens of small satellites if we have the same budget of a big satellite. Frequency is the new value. We can monitor the whole world on a daily basis with our AxelGlobe constellation."

Comprising 50 satellites, AxelGlobe will be able to obtain imagery of more than half of the planet's dry land once a day at a resolution of 2.5 meters—high enough to make out individual cars. The first three satellites will be launched this year, 10 more will be added in 2020, and the full 50-satellite formation will be in place by 2022.

Nakamura says Axelspace is talking with US satellite imagery analytics companies about collaboration. "They are data hungry, and Axelspace can be a good partner for them."

### AIM HIGH

But, there is a challenge: getting the satellites into space. Accessible and reliable launch vehicles that can deliver payloads more frequently are critical to the success of efforts such as those being undertaken by Axelspace.

"Currently we use Russian rockets. It is a ride-share service, which is typical for most small satellites," said Nakamura. "However, in that case, we are not a primary passenger and cannot decide when to launch or in which

## The biggest problem facing the private sector is funding



Interstellar Technologies' Takafumi Horie



PHOTO: ©PD AEROSPACE, LTD. / KOIKE TERUASA DESIGN AND AEROSPACE

H.I.S. and ANA are investors in PD AeroSpace's spaceplane.

orbit to place our satellites. We want small rockets. It is important to have a right to decide such parameters for our own business.”

This is where companies such as Interstellar Technologies come in. Founded in 2003 by former Livedoor President Takafumi Horie, Interstellar Technologies is developing a liquid-fuel sounding rocket called MOMO. The 9.6-meter launch vehicle can carry small satellites into orbit from the facility in Hokkaido. In contrast, Japan's current workhorse, the H-IIA built by Mitsubishi Heavy Industries, Ltd., measures 53 meters. Each H-IIA launch costs about \$90 million, whereas a MOMO launch—although not officially stated—is estimated by industry experts to be about \$470,000.

Meanwhile, PD AeroSpace is working on an engine that combines rocket combustion and jet combustion technologies, which can improve safety and also lead to cost savings in unique ways.

“It is possible to use already existing airports because the spaceplane can fly like an airplane in jet mode when returning to Earth,” explained founder and CEO Shuji Ogawa. “It can hold in the air and the landing speed can also be reduced, therefore there is no need to own specifically designated spaceports. This allows us to reduce ground infrastructure operation costs.”

Since the spaceplane's structure is simple, the number of parts can be decreased, to reducing both manufacturing and maintenance costs.

PD AeroSpace's engine technology can be used as a flyback booster to launch orbital rockets for small satellites, for space tourism planes, and even for hypersonic flights to more quickly move goods and people around the world.

## DRIVING FORCE

Regardless of path, what motivates entrepreneurs to tackle the challenges of space when they know that return on investment (ROI) and profit may be elusive?

Astroscale Chief Operating Officer Chris Blackerby, whose company is focused on cleaning Earth's orbit, says it's a desire to make difference. “Any investment in space takes a different kind of vision. It's not going to be the immediate ROI. It's not going to be ‘I need to see a three- or five-year return on what I invest.’

“We fully believe that there is a strong business case for what we are doing, but there is also a societal benefit case. So, the companies that are investing are doing so for the return, yes, but also for the betterment of society.

“I would say that the people who are doing things in space, who are trying to start businesses in space—whether they be Elon Musk, Jeff Bezos, Richard Branson or small startups in Tokyo—have the same mindset and passion for space generally. There's a desire to help society in the long term and, of course, to make a profit—I mean, that's behind any business, and no business is going to survive without that and it's a motivating factor for people. But if it was only that third thing, if it was only a desire to make a profit, there's a lot of other places that all of us could go to do that. It's in those first two things where we see that this is a special place to be. That's a common thread among all the people who are doing this investing.”

IMAGE: AXELSPACE CORPORATION



50 satellites will make up Axelspace's AxelGlobe imaging constellation.





© PUBLIC AFFAIRS / CHRISTIAN DAVENPORT

## FUNDING

Because ROI is particularly uncertain—or at least far off—securing money for the development of space-related technologies can be difficult.

Blackerby said Astroscale has been successful thanks to a CEO with a vision and the ability to articulate it in a very compelling way. “He would go to these conferences and hear about this threat of space debris—this looming problem—and everyone was talking about it. Everyone still is talking about it, but very few are putting forward a solution to actually solve it. He had

an idea to tackle it and over the past four and half years has raised more than \$50 million.”

Ogawa agrees that the biggest problem facing the private sector is funding but does feel that the Japanese economy is becoming favorable to private space endeavors. “Beginning in 2015, some Japanese space ventures started to succeed in raising billions of yen in funds. At this time, I found respective articles about space business by H.I.S. Co., Ltd. President Hideo Sawada and ANA Holdings Inc. President Shinya Katanozaka. So, I went to negotiate directly with both.”

Reaching out to them was a key move for PD AeroSpace. The company now has collaborations in place that will see H.I.S. selling their services and ANA operating their spaceplanes in the future.

For Axelspace, it was blockchain startup and venture capital firm Global Brain, a general partner of KDDI Open Innovation Fund (KOIF), which helped. “One of the venture capitalists at Global Brain had a background as a space engineer. Our angel investor introduced us to him,” said Nakamura. “At that time, few capitalists knew about space business, but he fully understood our idea and decided to invest. We worked together to persuade other companies to invest in our project.”

## NEXT PHASE

While private-sector activity such as SpaceX’s Falcon 9 launches in the United States or Interstellar Technologies’ compact MOMO rocket in Japan grab media attention these days, the reality is that our future in space still depends largely on the resources of nation-states. Rather than transitioning from government to private sector, the next stage of space business and exploration will require synergy between the two.

“It is going to be something that government and private industry will have to continue to do together,” said Blackerby, who worked at NASA for 15 years, including five as the attaché at the embassy in Tokyo, from 2012 to 2017. “What happened in the past five to 10 years is this transition to more of these smaller venture space companies, which are doing a variety of things. That excitement that they bring to the industry is necessary, and this creative thinking to find new solutions is really important. But I would say a transition from a solely government-run to a jointly cooperative small

venture industry is where we are heading. The government has a very important role in driving exploration and initiatives where there isn’t a real tangible return that can be articulated. So, the government is not going away in terms of space.

“People invest in space to get the benefits of space utilization and exploration, and the impact that space utilization—both in low Earth orbit and exploration—has on our lives is only going to increase. And it’s going to increase from an inspirational standpoint, from a security standpoint, from a communication standpoint, from just everyday life. Space is only going to be more relevant to what we’re doing; and governments know that, so they’re going to continue to invest in capabilities that can help them.”

Ogawa sees Japan’s space business as staying on a small scale in terms of investment compared with that of the United States, but remains confident that the technology has developed to the point where private companies can do business in space without government funding.

Meanwhile, Nakamura sees ways the government can help, both in terms of funding and beyond it, saying they can “provide risk money, make regulations simple and easy, and give credibility when we negotiate with foreign governments.”

He closed by stressing that a transition to the private sector is mandatory. “The government-only space activities are not sustainable. One of the biggest challenges we now face is launch. It would take years for us to see small launchers to frequently put small satellites into orbit. We require high frequency, high reliability, and low cost. The current situation is not easy, but such problems will definitely be solved someday in the near future. I’m optimistic about that.” ■

Companies that  
are investing  
are doing so  
for the return,  
yes, but also for  
the betterment  
of society.

Astroscale’s  
Chris Blackerby



# CONNECT & CREATE

New players advance Japan's startup market

By Maxine Cheyney



WeWork, Ark Hills South

When you think of innovation hubs, Silicon Valley, Berlin, and Amsterdam may come to mind. In these places, startups are a crucial cog in the economic machine. In Japan, however, large corporations still dominate business, and startups must battle just to get noticed.

But change is afoot. As testament to Tokyo's growing startup community, the American Chamber of Commerce in Japan (ACCJ) Alternative Investment Committee has hosted a number of events that showcase the efforts of entrepreneurs and their relationship with startup wonderland: Silicon Valley.

The most prominent challenges are access to capital and creating the right environment for innovation. Enter Tokyo's innovation incubators. These companies provide not only opportunities for partnerships, but also an environment that fosters new ideas.

## NURTURE

*The ACCJ Journal* spoke to three innovation incubators situated in Tokyo: Venture Café Tokyo; Hotaru Inc.; and WeWork Tokyo, which opened its first Japan location on February 1 in Ark Hills South Tower.

Venture Café Tokyo, owned by Cambridge Innovation Center from Cambridge, Mass., recently partnered with Mori Building Co., Ltd. to open in Toranomon Hills. It was

initially imagined as an innovation community where people could gather to share ideas. But today the non-profit organization has a global network, with locations in Cambridge, Boston, St. Louis, Miami, and Rotterdam. The Tokyo branch, which opened March 22, is the first in Asia and the sixth overall.

Yasuhiro Yamakawa, executive director and associate professor from Babson College in Massachusetts, leads Venture Café Tokyo. The aim, he said, is to create a "comfortable and safe environment to network." This includes a Thursday Gathering from 4:00 p.m. to 9:00 p.m. and office hours with entrepreneurs, investors, accountants, and lawyers.

While Venture Café takes a broad approach, Hotaru Inc. specializes in bringing together cryptocurrency startups and listed companies looking to partner, and WeWork focuses more on spaces themselves.

Miguel McKelvey, Adam Neumann, and Rebekah Neumann, started WeWork in 2010 to build a community to support large and small businesses through shared office spaces. The company offers flexible hot desks, designated desks, and private offices.

"We provide a community platform that connects people and encourages collaboration. Our community is both local and global. For example, our locations frequently host cultural, business, and social events for members, and we also provide a powerful tool to allow members to interact with each other and seek business advice via the WeWork app," explained Chris Hill, chief executive officer at WeWork Japan.



## BUDS OF GROWTH

In 2017, the Ministry of Economy, Trade and Industry published a white paper titled *Small Enterprises in Japan, Conveying the Buds of Growth to the Next Generation*. It finds that startups in Japan still face a number of barriers. “Entrepreneurial hopefuls and people making startup preparations face different concerns according to gender, age, and other such attributes, but even those who have become entrepreneurs had not been able to receive the startup support they needed, in many cases.”

The white paper also notes that, in 2016, business conditions for small enterprises and industry saw “. . . voices of concern about the deceleration of the economy in emerging countries, the decline in domestic demand due to the falling population, and the shortage of workers.”

Hotaru CEO Hiro Shinohara mentioned the shortage of workers in the cryptocurrency space. “Hiring engineers is the most difficult part for [cryptocurrency or blockchain] startups, even if they have enough budget.”

Shinohara added that funding is particularly challenging. “There is no real angel investment ecosystem in Japan. There are some options, but they are quite limited. Venture capital funds are investing at later stages.”

One way many startups are raising money is through an initial coin offering (ICO). This option allows startups to circumvent the rigorous process of working with venture capital funds and banks by using bitcoin and other cryptocurrencies. However, commentators have noted that the lack of transparency and the unregulated nature of ICOs could be problematic.

Aside from ICOs, the lack of investment companies means many are going public with low valuations. In fact, according to early-stage venture fund 500 Startups, 70 percent of companies in Japan with an initial public offering have a market cap of \$30 million or less. Only 8 percent of companies in the United States face such a limitation.

In addition, there is the question of corporate tax, with the net operating loss (NOL) carryover period and the deductibility of directors’ bonuses being of particular concern for startups in Japan.

“The NOL carryover period is nine—will be 10—years in Japan, which can be relatively short for startups who generate losses for many years,” said Brian Douglas, a member of the ACCJ Taxation Committee. “Both the United States—after the most recent tax reform—and the UK have unlimited carryover.”

## MINDSET

Among the multiple barriers that startups face in Japan is a particularly endemic one: corporate culture. Venture Café’s Yamakawa explained it this way: “People’s perception of failure has to change. We believe growing the tolerance of failures is the foundation of success in a thriving startup economy. Alongside this is a lack of expertise in the technology sector, of which a generous number of startups find a prerequisite to success on a larger scale.”

The culture required for entrepreneurs to thrive is one in which risk-taking is encouraged, something that goes very much against Japan’s risk-averse mentality. Here, safety is—in many ways—rewarded. The long-held expectation of lifetime employment combined with a declining population means the right workforce is just not available. So, creating a place for startups and entrepreneurs to connect is vital.

“We believe that there is a lack of space for people to connect freely,” Yamakawa said. “Breaking social and organizational silos is needed here in Tokyo.”

## VIBRANT SPACES

Despite the example set by SoftBank Group Corp., which has major investments in startup Uber, Japan’s big corporations are, largely, not contributing to the venture capital needed to help grow domestic startups.

Hotaru’s offering, which connects startups and larger corporations, is one step toward a more favorable startup environment that will speed up the growth of the venture capital industry.

Venture Café’s platform, meanwhile, offers events such as talks, panel discussions, and ideathons on a range of topics. “Through diverse and inclusive programming, our goal is to bring together people of different backgrounds into our cluster,” said Ryusuke Komura, program manager at Venture Café.

“Our primary targets are students of various backgrounds, women leaders, and corporate innovators. But, having experienced other Venture Cafés, it is really a true mix of people with different interests and desires from around the world.”

WeWork Japan’s Hill emphasized a change in ways of working. “Similar to how there has been a shift to a new way of working in the United States, there has also been a recent



Hotaru CEO Hiro Shinohara at SXSW 2018



Yasu Yamakawa, executive director of Venture Café Tokyo



Chris Hill, CEO at WeWork Japan



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shift to offering new working styles to the creators, innovators and startups of Japan.

“We see that there is a desire to work in vibrant, empowering spaces that can also facilitate connections between people.”

The company also looks to create connections between creators in Japan and the rest of the world, which is lacking in many facets of business. This is evident in their members, who globally include the likes of Facebook, General Electric, BK Japan Holdings Co., Yahoo Japan Corporation, and SoftBank Group Corp.

“Members will also benefit from accessing our community, which includes other big companies, small and mid-sized companies, startups, and entrepreneurs,” Hill said.

## FEARLESS FUTURE

Despite these issues, there are benefits and clear paths to creating a more favorable startup ecosystem. Relationships are a fundamental part of any business venture—particularly in Japan. This is something these innovation incubators are able to facilitate.

“Building good relationships with partners in private, academic, and governmental sectors is key to our business. One of our founders, Timothy Rowe, has lived and worked in Japan, so we have developed a tight-knit relationship with key partners here,” said Tak Urushihara operations manager at Venture Café Tokyo.

“Not only is Japan considered a model country within Asia, Tokyo right now is hungry for innovation and therefore a perfect candidate for the Cambridge Innovation Center and Venture Café to test the waters and grow an entrepreneurial ecosystem.”

This includes the recently announced partnership with Mori Building Co. Ltd. Masakatsu Yamamoto, manager of Mori Building’s corporate communications department, told *The ACCJ Journal*: “Innovators and creative people are seeking locations not just with a strong business environment, but those additionally offering creative lifestyles: high-quality residences, diverse cultural and retail facilities, a rich natural environment,

and opportunities to meet with people from different industries with different backgrounds.

“Through collaboration with Venture Café Tokyo, we would like to transform Toranomom Hills into the focal point of a dynamic, innovative community where private, public, and academic innovators and other diverse players collaborate on new ideas and new businesses, thereby strengthening Tokyo’s magnetism as a whole.”

The Innovation Center, in the tentatively named Toranomom Hills Business Tower, will be a 3,000-square-meter space on the fourth floor. It will serve as a center of exchange between large companies and new ventures.

One benefit Shinohara notes in Japan’s cryptocurrency space is regulation.

“The Japanese market is the world’s largest for cryptocurrency because there are regulations for crypto investment. It is quite important to fit with Japanese regulations to come into the Japanese market,” he said.

Komura also emphasized the importance of partnership. “Collaboration between startups and established companies is the key to the nation’s future. We hope to accelerate it through our programming. As in other countries, established companies are more likely to have stronger influence when partnering with startups. There are many instances when startups cannot make decisions for themselves.”

Aside from the involvement of other larger companies in the growth of, and investment in, startups, Komura said, “It is important for startups to take on a more proactive role in their partnership, and to learn through mistakes and failures.”

Perhaps, thanks to the efforts of these innovation incubators, the seeds have been planted and the value of entrepreneurship and startups is growing in Japan. With the country being a leader in research and technology, the environments for collaboration being created will act as the launchpad for Japan’s path in the world of startups and global competitiveness. ■



# ADVANCE MEDICINE

AstraZeneca Japan President  
Stefan Woxström shares his  
healthcare vision

By C Bryan Jones



Biopharmaceutical company AstraZeneca says science is at the heart of everything they do. With an unprecedented six new treatments expected to come to market in 2018, the company has life-changing breakthroughs in store for patients in Japan. Guiding efforts here is Stefan Woxström, who relocated in January from Sweden, where he headed up the company's operations in the Nordic and Baltic countries. *The ACCJ Journal* sat down with Woxström to find out more about AstraZeneca's approach to healthcare and why 2018 is a milestone year.

#### **How are you adapting to Japan?**

It's a fantastic country. Culturally, it's very different, so it's exciting to explore something new. From a business perspective, Japan has some of the best scientists in the world, and a lot of innovation in science.



### What stands out between healthcare in Sweden and Japan?

I think what Sweden is very good at is using digital tools for healthcare and opening up healthcare registers so that patients can read their own medical records. This is very beneficial, because you can gather real-world evidence much more quickly. Soon, every patient who steps into a clinic in Sweden will, through their data, be contributing to medical trials.

I think Japan can benefit from that experience. We have started to explore opportunities to work with the government and other stakeholders in Japan in this area. I understand that Japan is launching a new medical information database network, so we're very willing to share what we've learned from our experience in Sweden.

### What is precision medicine and why is it important?

We should start from the standpoint of the patient. Imagine a patient suffering from cancer. They want the most effective treatment as soon as possible and to avoid delays caused by treatments that are not effective for them. For patients with severe diseases, time is critical. By performing a diagnostic test on that patient, you can identify which treatment will give them the highest probability of an effective response. This is what we're striving for with precision medicine, to offer follow-up testing of patients to ensure they get the right treatment at the earliest opportunity.

As well as being very good for patients, it's also good for governments, because they don't have to pay for medicines that don't work. And, for us, it's very good because we want to make sure that the right drug reaches the right patient as soon as possible. That's our goal. I really think all stakeholders benefit from precision medicine.

Today, it is becoming much more common to test every patient. For lung cancer, the first thing you do is test the DNA of the tumor. Understanding the DNA opens up new treatment options. With so many options available, it makes sense to screen patients to determine the most appropriate one.

This is called next generation sequencing. Japan is now testing patients very efficiently using this method. For most of our new medicines, we have already defined the biomarkers physicians should look for to see how well patients are likely to respond.

### What does 2018 hold for AstraZeneca?

We aim to make this a milestone year for patients in Japan. We're introducing three new lifesaving medicines. On top of that, we have three first-to-market indications, which will offer better treatment options than those currently available. Four of these new treatments are in oncology, where the magnitude of the disease burden is quite serious. That represents an unprecedented number of new treatments within a single year for AstraZeneca.

At the same time, there's a lot of pressure on the company to make sure all these launches go well, because we want to treat patients as quickly as possible. Our task is to address unmet needs.

### Are there any changes you have made to prepare?

We are very prepared, both at the global and local levels. When you work with a pipeline, things don't always come quickly, so we have plenty of time to prepare. One major change we made was to reorganize the company into three therapeutic areas: respiratory diseases; cardiovascular and metabolic diseases; and oncology. Last year, we also conducted a local review of our capabilities to ensure that we're fully prepared to deliver new medicines to patients.

### Tell me about the lifesaving medicines.

Let's start with lung cancer. AstraZeneca already has a long heritage of lung cancer treatment. We pioneered the world's first molecular targeted treatment called TKI [tyrosine kinase inhibitors] for first-line treatment of non-small-cell lung cancer in 2002. And, in 2016, we also launched a first-of-its-kind second-line treatment for those patients who have developed resistance to first-line treatment. If patients have a certain type of DNA called EGFR T790M, you usually see a strong response to this treatment. Our latest data has shown that, when you start with this medicine as a first-line treatment, the length of patient progression-free survival nearly doubles compared with the current standard of care. It brings lots of benefits to patients and we shouldn't keep it only in second-line treatment. I think that was a major breakthrough.

We're also actively developing treatments for earlier stage lung cancer, called stage III, where there's been virtually no progress in the past 20 years. Today, those patients are





receiving chemoradiotherapy, which works temporarily, but eventually nearly every patient will relapse and the disease will start to progress again.

Until now, there is no effective treatment option after chemoradiotherapy and all we could do after chemoradiotherapy is “watch-and-wait.” However, our new medicine is a biologic, also known as immuno-oncology therapy. It works with the cancer immune system, so the immune system can eliminate cancer cells. If patients are treated with immuno-oncology as a follow-up treatment to chemoradiotherapy, the cancer’s progression can be arrested for a much longer time. It’s a breakthrough for patients in this important area of treatment.

We’re also looking into a drug for patients with specific types of ovarian and breast cancer. For example, we’re looking at breast cancer patients with a rare hereditary BRCA mutation. Until now, there’s been no treatment developed specifically for “hereditary” breast cancer in Japan. But, we have had a breakthrough in identifying patients with the BRCA mutation that enables them to have longer progression-free survival than with current treatments. Again, we’re talking about precision medicine here. These are several examples of how we are testing patients and being more precise in treatment.

Another new treatment we’re offering is for severe asthma patients. Asthma is a very serious disease. We often forget how severe it is, because we have very effective treatments. Many asthma patients can live a normal life, but a few still cannot. These patients struggle with everyday activities such as playing with their children or cooking. They can’t be outside during temperature fluctuations or weather changes because they feel terrible. These patients are frequently in healthcare facilities seeking help for acute asthma, and they’re afraid of being exposed to a lot of environments. They are living a very tough life and there haven’t been a lot of good treatment options available to them.

This is a breakthrough for us because we can offer a biologic treatment that mitigates the inflammation mechanisms that

cause severe asthma. We’ve seen that patients have experienced reduced symptoms and positive results.

We also have a new indication for our PPI [proton pump inhibitor]. The interesting thing about PPI is how much it’s used. In many parts of the world, we have had patent expiries, but we continue to develop this drug. We now have a new indication for children that just got approved earlier this year.

We are also offering a new way of taking the drug—a sachet—so you can just pour the drug in a glass and drink it. It’s much easier to swallow for many patients, not only for children, but also for the elderly and anyone who has problems taking a capsule. I think we are showing our commitment to patients by continuing to develop a drug in the late phase of its lifecycle.

There are many reasons to use PPI in pediatrics, but the most important thing is testing and documenting products for children—not just adults. We have a lot of documentation on adults, but children might have a different metabolism—and you need to know that.

#### **What is involved in being first to market?**

We’re coming first to market with a drug for patients with stage III NSCLC lung cancer, and also treatments for breast and ovarian cancer.

There are a lot of benefits for us as a company, because we can drive the market. But it’s also a huge responsibility, since we want to make sure patients can access those medicines as quickly as possible. As the first-mover, there’s a lot of pressure on us, but we have a huge commitment to patients to get them on effective treatments quickly.

That’s where we see the biggest challenge. To make that happen, all healthcare professionals must be informed and alerted to these new treatments, and we must make sure the testing process is working smoothly.

In precision medicine, testing becomes critical. How do you make sure every doctor knows how to test? Tests are usually biopsies, so healthcare professionals need to be trained on



how large a sample they need to take. But it could also be blood tests, which are simpler. You need to make sure that you have labs that can do these tests across Japan, so you don't have long lead times. Setting that system up for every new drug is a challenge. It's a worthy challenge, but it is a challenge.

### Why is real-world evidence important?

We often talk about Big Data. What we're talking about is data that is being created every second—it's a lot of data. We know there are articles being published, but there are also patients going into healthcare, getting diagnoses, taking tests, getting treatment, perhaps being hospitalized. All that information is captured in the system. When you start to have a lot of data in the system, you ask, "Are we using that data to draw conclusions around safety, efficacy, and are there other types of treatments that we could look into?"

Real-world evidence is a way of capturing data. If you take that data and apply a methodology, you can start publishing this as evidence. It needs to be very robust, with a clear methodology, and at AstraZeneca we've proven that we're quite good at this. When I worked in Sweden, we published one of the largest real-world evidence studies ever conducted in the diabetes field in top-tier journals such as *The Lancet* and *Circulation*. This data is peer reviewed, but it also told a different story from so-called randomized clinical trials. These approaches are actually very complimentary. The most important thing here is that you are driving science very fast, because the data is already out there.

**We want to make sure we provide the right drug to the right patient as quickly as possible.**

### How has real-world evidence advanced in recent years?

We see many more publications citing real-world evidence. We also see how the methodology has been developed. It's being recognized, trusted, and used. I think that's a very good development. If we can accelerate progress in science, we can get more effective and safer treatments to patients. That's a huge opportunity for a country like Japan, where there is a lot of data available. How can we capture that data and create science to develop better healthcare for Japanese patients?

Our breakthrough in diabetes was the CVD-REAL. CVD means cardiovascular disease and REAL means we are doing it in real life. For the first study, we focused on six countries: Denmark, Norway, Sweden, Germany, the UK, and the United States. We looked at diabetes patients on a new type of treatment versus those on standard care. We brought about 300,000 patients into this trial. When we compared these two groups, we could see a clear difference in

hospitalization and mortality. This was interesting, because the same has been shown in other so-called randomized control trials, so we could actually confirm this finding.

Then we did a specific Nordic trial called CVD-REAL Nordic, focused only on Nordic countries [Denmark, Norway, and Sweden]. We looked at 90,000 patients and more outcome measures, but confirmed the same result. These types of trials appearing in *Circulation* and *The Lancet* repeatedly has built trust. We see now that healthcare systems, specifically in the Nordics countries, are paying close attention to the results of the RWE and the CVD-REAL trials. I think this type of data represents a breakthrough in how we examine treatment options for patients. I am confident that we will be seeing more real-world evidence used in the future.

We're also seeing this become a factor in decisions on reimbursement, particularly in Sweden, which has also started pilots using real-world evidence as the basis for evaluation. My dream for Japan is using real-world evidence to get medicines more quickly to patients. That's our aim. I hope that I can contribute to making this happen in Japan during the time I'm here.

### Do you see the role of artificial intelligence (AI) growing?

Absolutely. I think AI could be used everywhere in the world. In the pharmaceutical industry, AI is an area we'll start exploring alongside real-world evidence. The United States is already very advanced, but Japan also has an opportunity to lead in this space because they have both the speed to deal with advanced treatments and a thriving technology sector.

How can we combine those factors and start exploring AI? I'll give you one example. Many people around the





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world suffer from a respiratory disease called COPD, or chronic obstructive pulmonary disease. In Japan, diagnosis of COPD could be improved. What if we could use AI to find patients who are former or current smokers, above a certain age, and who frequently visit healthcare providers for airway infections? And what if we could also diagnosis those patients correctly and start treating them? That's how we can effectively use AI—input an algorithm with the desired parameters, confirm the diagnosis, and treat patients with the most effective options.

**Why is collaboration between companies, government, academics, and healthcare providers important?**

AstraZeneca is actively participating in about 600 collaborations globally and we are constantly adding more. Generally, we think that you can achieve much more through a partnership approach. Academia, healthcare providers, government, and also pharmaceutical companies all want to bring lifesaving medicines to patients. We're all aiming for the same thing.

Consequently, we make significant investment into research and development in Japan. By sharing more of that work and getting more input from healthcare and academia, we can ensure that we're doing the type of research Japan needs the most. Drawing from our network across the globe, AstraZeneca has a lot of experience in the pharmaceutical industry that we're willing to share with academia and healthcare providers. Academia is also a huge source of

scientific discovery. I'm talking specifically now about real-world evidence.

**What is the MID-NET database?**

The Japanese government aims to launch a database called MID-NET in April, which will record data from about 4 million patients. This is a very good opportunity to start exploring broader applications of real-world evidence—especially for academic research. I believe the number of recorded patients will have to be increased eventually, but it's a very good start. The government's commitment to launching a system like this is a good signal. If we can collaborate to further develop the potential of MID-NET, it will be very beneficial for Japan and Japanese patients.

**What does the future hold for AstraZeneca and patients?**

At the moment, we're focused on making the six launches we're planning for this year a success. Looking ahead, we have very high expectations for our pipeline and future launches. Our mission is to be one of the top companies in Japan by 2021.

In parallel to these business goals, we want to create momentum by exploring every opportunity available to us through technology. We aim to optimize our use of real-world evidence to create science in Japan and explore the possibilities that AI will help us unlock. That's how we will generate sustainable growth at AstraZeneca over the coming years while continuing to deliver the best possible treatment options to patients in Japan. ■



# SAVING CELS

Japan looks to preserve  
a modern art form

By Tim Young

The Museum of Fine Arts, Boston (MFA), is filled with Japanese works that nearly became the Meiji-era equivalent of bubble wrap. *Ukiyo-e*, the famous woodblock prints that define the traditional image of Japan for so many, were being used as wrapping paper, and because Japan didn't value its native art 150 years ago, the work was almost lost to history. Fortunately, much of it was taken out of the country and preserved by organizations such as the MFA.

Today, new forms of art—animation commonly called anime and comics known as manga—face a similar fate. To prevent another loss of cultural history, the government of Japan is considering steps to preserve what it considers “treasures of Japan,” a term used by Keiji Furuya, chief of the House of Representatives Steering Committee.

## WESTWARD WAY

In the wake of the 1853 visit by Commodore Matthew Perry and his squadron of “black ships,” Japan realized it could no longer remain walled off. As the Tokugawa shogunate gave way to modernization and the Meiji Restoration 15 years later, what was once terrifying encroachment from foreign barbarians became must-have technology and fashion. Members of the Imperial Family were pictured wearing Western clothing, and Japan embraced everything from photography and classical music to Western industrial technology, which was used for smelting iron, building ships, and mass producing a variety of exportable products.

As the new came in, the old was at least partially pushed out. This included *ukiyo-e*, or pictures of the floating world, an art form in which painters and makers of woodblock prints depicted beautiful women, *kabuki* actors, and natural scenes such as Hokusai's famous *The Great Wave off Kanagawa* and numerous depictions of Mt. Fuji. As this art fell out of step with the times, artists lost interest in producing it and the quality declined.

But just as Japan was rejecting *ukiyo-e* in favor of Mozart and Michelangelo, this uncool art became all the rage in the West.

## PRESERVATION

“Older Japanese people are very aware that they lost massive amounts of now very attractive and artistically valued *ukiyo-e* during the Meiji Era, when they cast them off together with the Edo Era,” according to David Case, chair of the American Chamber of Commerce in Japan (ACCJ) Intellectual Property (IP) Committee and an experienced IP and commercial disputes lawyer.

“Westerners saw them and said, ‘Wow, these are really great!’ and snatched them up and preserved them. I have read that the *ukiyo-e* were even used as packing materials in boxes for things that were made in Japan and shipped

Display of early caricature magazines at the  
Kyoto International Manga Museum





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Osamu Tezuka's Phoenix sculpture at the Kyoto International Manga Museum.

out of the country. Now, they grace the walls of the Boston Museum and other archives."

A hundred years after Japan's cushioning material became the global art world's next big thing, history seems to be repeating itself.

Over the past two or three decades, anime and manga have built up a large fan base overseas. Anime, in particular, is a profitable business in the United States and other Western countries, and fan conventions focus on it to the exclusion of Western animation (except for Japanese-style animation produced by Westerners).

The popularity of anime and manga has led to valuable cultural artifacts—such as first-edition manga and materials used in the making of anime—being scooped up by foreign collectors through online auction sites such as eBay.

### STREAMING CEL

The majority of anime-making materials are, of course, from traditional animation rather than the more recent works that are made digitally. Celluloids—or cels—are one item often cited as streaming out of Japan into foreign collections. Each cel is a single frame of action in a scene, painted onto the back of a piece of celluloid and then shot from the front. According to the Japanese popular culture eMagazine *Nihonden*, "With the spike in computer animation and specialized graphics software, traditional cels are losing their application in mainstream media."

As manga creator Nao Yazawa told *The ACCJ Journal*: "Many cels show just eyes or just a mouth, or just the tips of fingers. Something like that is not much of a collectable item. Basically, collectible items are of very good quality, or an important part of a cel. In the old days, when you finished making animation almost all of the cels were just disposed of. So, fans might go to the garbage bin and get some cels. But now this has spread into a worldwide thing."

Particularly valuable are key cels. These are the most important frames showing a character's movement and are drawn by more experienced—and likely more famous—animators. The frames in between are drawn by less-experienced subordinates.

### FOR REFERENCE

Also attractive to collectors are *genga*, drawings made by senior animators as reference images for their staff. *Genga*

are not usually available for sale, which adds to their allure. "The *genga* and drafts of *genga* are the most valuable, since they're drawn by senior, highly skilled artists and are often not used in the animation itself, making them even more special and rarefied," said writer Roland Kelts, best known for his book *Japanamerica: How Japanese Pop Culture Has Invaded the US*.

Is it true that the majority of valuable anime and manga items that make it to eBay are leaving the country?

"My impression is that foreign collectors are more eager," said Yazawa. "In the old days, collecting cels really, really mattered

for Japanese; and many people wanted to collect cels. But, nowadays, not so much." She added that she does see cels available through online auction sites. "While the attraction to collecting cels was primarily to have images of a favorite character, today one can simply take a screenshot from a DVD," Yazawa said.

Kelts's take is slightly different. "The practice of collecting and curating such items as memorabilia has not been as big a pastime in Japan as in the West—largely, I suspect, because both manga and anime were long considered at home to be lowbrow, relatively disposable art forms, like *ukiyo-e* before them. That began to change over the past decade or so, largely as manga and anime were recognized abroad as distinctly Japanese cultural and aesthetic artifacts. And, of course, the internet helped make awareness and accessibility grow fast and far beyond Japan's borders."

### TAKING ACTION

In response to the concern about cultural treasures leaving the country, the government is considering official measures. On January 6, *The Japan Times* published a report by Jiji Press, Ltd. that a group of lawmakers from several different parties would be introducing legislation to the Diet this year for "the building of a national media arts center to collect and store original editions of manga and anime cels to prevent them from being taken out of the country."

The report noted that a similar idea was funded in 2009 under then-Prime Minister Taro Aso, but opposition lawmakers tarred the idea as a project to build a "state-run manga café." Those lawmakers also noted that several private manga and anime museums already exist, making a publicly funded facility unnecessary. This resistance, along with other factors, led to the idea being shelved.

In addition to keeping these cultural artifacts in Japan, there is also the need to prevent the materials from disintegrating with age. "The US movie industry has been dealing with this issue for more than 30 years," noted Case. "Where old film is degrading,



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there's really no way to preserve it other than digitizing it. But so many films have been created over the past century and the cost of digitizing all films would be prohibitive. Consequently, foundations have been set up—sometimes subsidized by government—to digitize movies shot on film.” Obviously, animation cels would be subject to the same types of deterioration as celluloid film.

However, in Japan, efforts to preserve intellectual property run into another issue. The Jiji report noted that the current group of lawmakers supporting a nationally funded facility has argued that private facilities are “constrained by copyright laws that work against the digitization of celluloid materials to prevent their deterioration.”

### BY THE BOOK

“In the United States, under the Copyright Act, we have a doctrine called ‘fair use’ which allows for a certain amount of reproduction without infringing on the copyright owners’ rights,” Case said. “It’s narrow—you can’t just do it for any purpose—but we do have safe harbors. The copyright safe harbors under Japanese law are narrow and specific.”

As for whether the proposed center will actually be scanning anime cels, Kaichiro Morikawa told *The ACCJ Journal*, “I think such specifics are to be formulated after this bill to erect a national center has passed.” Morikawa is an associate professor at the School of Global Japanese Studies at Meiji University. “So, at this moment, I think no one can say for sure whether this facility—if established—will or will not actually do digital scanning of cels on an archival scale.

“What can be said is that the bill states one of the functions this center is to serve is to collect and to preserve materials related to manga, anime, games, etc. and that it is to be



The Kyoto museum's computer database displays a 19th-century Japanese comics work.

**The popularity of anime and manga has led to valuable cultural artifacts . . . being scooped up by foreign collectors.**

an annex of one of the branches of the National Diet Library of Japan.”

Morikawa also noted that the Basic Act for the Promotion of Culture and the Arts “was amended last year to address the preservation of production

materials of media arts—a term used by the Agency for Cultural Affairs to address manga, anime, and video games, together with media art. ‘Production materials’ presumably would include anime cels.”

How would the existing private facilities be affected by the establishment of the center? According to Kazuma Yoshimura, vice president of Kyoto Seika University and an advisor to the Kyoto International Manga Museum, the response to a successful bill would be different than it would have been had the 2009 bill resulted in a facility.

“The question of preserving materials was a big motivation in considering how we would develop the museum. But this plan is coming out nine years later, and in the intervening years we’ve made progress in our discussions on how a national facility would affect us.”

Since 2009, a network has been formed between the Kyoto International Manga Museum and a number of similar facilities around Japan. Within the network, “discussions are ongoing about what a big center in Tokyo might lack and what responsibilities we could take on.”

It’s unclear if the facility will be approved this time—or even what functions the center would take on. But, with any luck, when it comes to preserving these artistic heirlooms, this time Japan will be able to improve on its *ukiyo-e* track record. ■



A self-portrait by, and plaster cast of the drawing hand of, French comics legend Moebius at the Kyoto International Manga Museum



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# DIET DAILIES

BIWEEKLY MAGAZINE  
**KEIZAikai 経済界**

Japan policy updates translated  
from *Keizaikai* magazine



MINISTRY OF ECONOMY, TRADE  
AND INDUSTRY

## GENE RECOMBINATION TO BRING NEW MATERIALS, MEDICINES

On January 5, the Ministry of Economy, Trade and Industry, in conjunction with the Ministry of Agriculture, Forestry and Fisheries, met with a group of experts to discuss the use of recombinant genetics from animals or plants to create new materials and medications. Cooperation between manufacturers, scholars, and government, as well as assistance for business ventures and nurturing human resources were discussed, and the government expects to formulate strategic proposals for harnessing biotechnology by this summer.

It is hoped that the ministries and agencies involved will engage in joint research projects with the private sector and create policies that will encourage small and medium-size enterprises in bio-related areas. One point that clearly calls for attention is the drawing up of rules.

Concerning recombinant gene technology, greater utilization of artificial intelligence and Big Data is resulting in the rapid development of so-called genome

editing, which enables the efficient modification of DNA. Expectations have increased that these efforts will pay off with the development of new synthetic materials with specific properties, or foods that are conducive to better health.

For example, a type of silkworm that can generate proteins internally within the body can be raised and used to provide basic materials with specific properties for medicines or cosmetics. Developers have already succeeded in creating a silkworm to mass produce phosphorescent silk, which turns green when exposed to ultraviolet light. There is also research being done into a type of rice that, when mixed into food products, helps reduce the discomfort of hay fever caused by cedar pollen.

While major pharmaceutical companies have made considerable investments, participation by the agriculture sector has been extremely limited—particularly in contrast with bio-venture efforts abroad.

Japan, which lags behind Europe and the United States in artificial intelligence and Big Data, has an opportunity to advance in biotechnology to avoid being left behind. The keys to success will be new materials that harness animal or plant genomes that can be applied to areas where Japan has strengths, such as manufacturing and medical.

FINANCIAL SERVICES AGENCY

## RAPID REACTION TO CRYPTOCURRENCY HACKING

Tokyo-based Coincheck, a major dealer in cryptocurrency, suffered a run on its NEM cryptocurrency in late January as the result of a cyberattack, and the company's offices were raided by investigators from the Financial Services Agency (FSA) on February 2.

As ordered, the company made improvements and submitted a written report by January 13, but the raid was conducted nonetheless. Minister of Finance Taro Aso said this was to protect users. The ministry also requested other dealers to report on the steps they have taken to ensure security. Japan is said to be a world leader in registration and systemization of companies that deal in cryptocurrencies.

On January 26, Coincheck was hacked and clients lost 523 million NEM tokens, valued at about ¥50 billion. Two days later, the company announced ¥46 billion would be refunded to 260,000 clients, and confirmed this had been done on March 13.

On January 29, the FSA issued an order for improvement of business practices based on Japan's revised Payment Services Act. Coincheck President Koichi Wada and other company executives were summoned to provide an explanation. The ministry determined that the company was lacking in safety management and that the explanations provided, both regarding its responses to clients and explanation of how the hacking occurred, were insufficient. The company faces disciplinary measures and will be required to report on how it will prevent recurrences.

During the ongoing investigation of Coincheck, and until new revisions of the law come into effect, other companies continue their operations as "deemed businesses." At the root of the FSA's rapid reaction appears to be its desire to evade criticism over having allowed the troubles to occur. ■

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# BEEFING UP

Japanese wagyu suppliers  
scramble to meet  
worldwide demand

**NIKKEI**  
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Japanese meat purveyors Itoham Foods Inc. and Starzen Co., Ltd. are preparing to export up to twice as much wagyu beef to counter the impact of a stagnant home market while satisfying the global appetite for the high-end product.

Itoham will increase its number of meat-processing centers to six from four. The plants will conform to US sanitary standards, which are stricter than those for Japan and other Asian markets. The company plans to develop demand by producing thinner cuts of wagyu.

The subsidiary of Itoham Yonekyu Holdings, Inc. currently ships about 470 tons of wagyu to Taiwan and Western markets, a figure it plans to elevate by 50 percent in 2019.

Meanwhile, Starzen has formed an operational tie-up with ADiRECT Singapore Pte Ltd, a multinational meat distributor. The Japanese company will modify how wagyu is processed based on local demand and cooking data from ADiRECT. Under this collaboration, Starzen plans to double exports to Singapore from the previous year in fiscal 2018, starting in April. “We aim to forge more business alliances of the same type and further expand exports,” said Motoyasu Hasebe, president of the group’s exporting arm, Starzen International.

Starzen looks to double overall exports by 2020, compared with 2017.

Similarly, Japan’s NH Foods Ltd.—which has subsidiaries and offices in 11 markets, including Hong Kong, Taiwan, and the United States—will bolster wagyu exports by intensifying sales efforts to local meat processors and consumers.

This rise in activity by wagyu dealers comes as the Japanese market shrinks. There are roughly 43,000 cattle breeders in the country, down 40 percent over the past decade, according to the Ministry of Agriculture, Forestry and Fisheries. The wagyu cattle count has also shrunk by more than 10 percent over the past five years. One calf fetched an average of ¥780,000 (\$7,315) last year, up 50–60 percent from five years ago, putting prices in record territory.

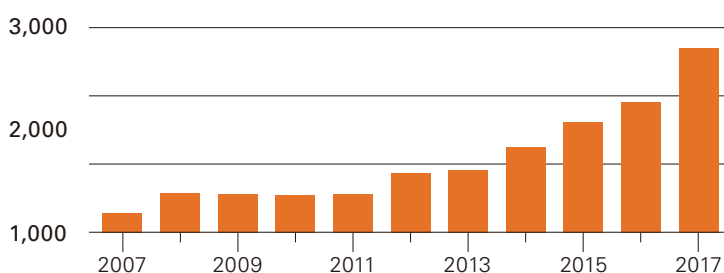
The higher prices are spreading through the distribution chain. One kilogram of A4 wagyu—a premium cut—sold for between ¥2,300 and ¥2,400 on average at wholesale in Tokyo at the end of January, a 40-percent rise over five years.

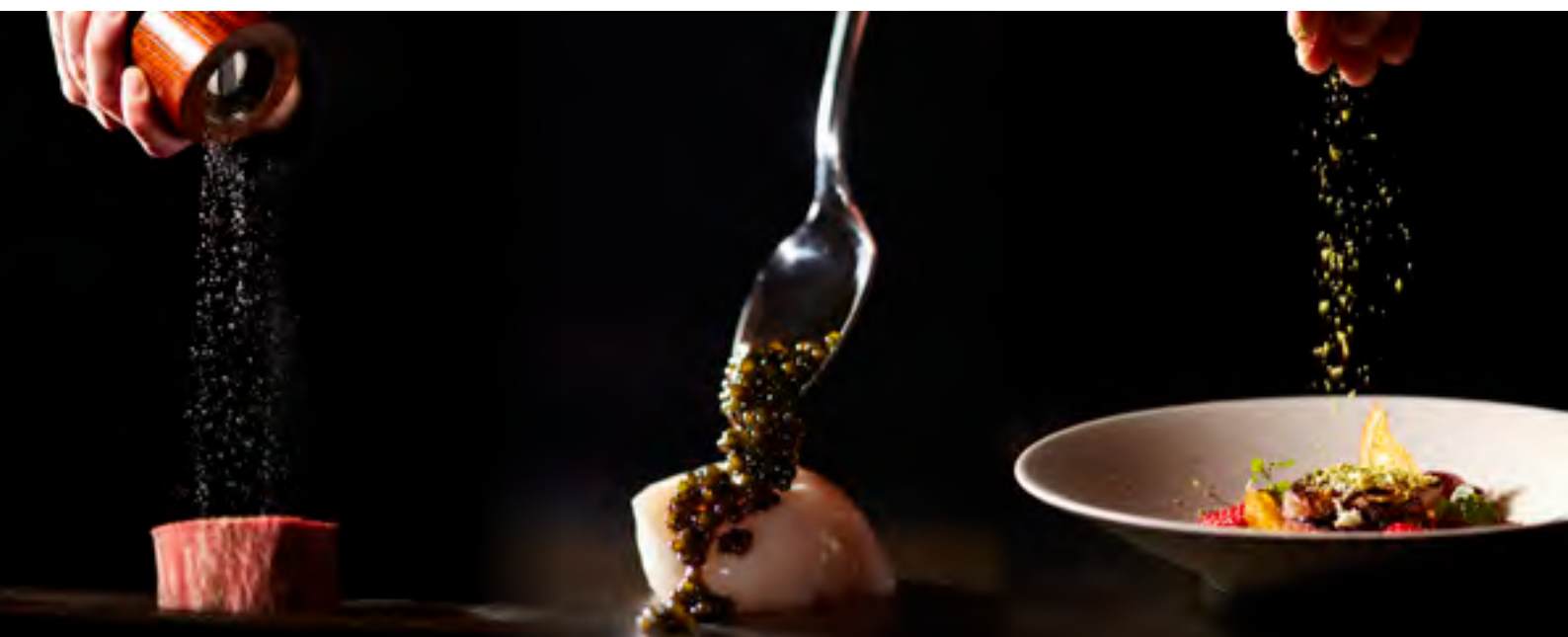
“For domestic consumers, wagyu has become an inaccessibly premium product,” said an Itoham official. Supermarkets and other retailers in Japan are inclined to decrease shelf space for the high-end meat.

Meanwhile, there has been more demand from those in Asian countries with high economic growth. In the West, the premium beef continues to attract steak lovers. Last year, Japanese wagyu exports jumped 40 percent on the year to an all-time high of 2,706 tons. Japan wants to boost wagyu exports to ¥25 billion by 2019, equivalent to around 4,000 tons. ■

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## Wagyu Exports (tons)







# THE NEW TEPPANYAKI

A modern and chic transformation of taste and sight

SPONSORED CONTENT



With the Tokyo 2020 Olympic and Paralympic Games quickly approaching and the Japanese government's push for more tourism, restaurants are seeing an increase in the number of customers from overseas. With this in mind, Teppanyaki Hamayu at Grand Nikko Tokyo Daiba has recently undergone a grand renovation, replacing the previous bright-wood interior with a modern, chic look that features dark wood with framed doors and lights. The combination successfully merges Japanese elegance with Western neoclassic style. The restaurant will officially reopen on April 1 with new lunch and dinner menus, seating for 36, and two private rooms with a teppanyaki grill room for up to eight guests.

## MAJESTIC ATMOSPHERE

Located on the 30th floor and offering an impressive view of Tokyo Bay, Hamayu perfectly encapsulates the glamour of the city's luxurious food scene. Customers can enjoy a variety of high-quality beef and fresh seafood—paired with delicious sake—in a mysterious and magical space where the endless glittering lights of Tokyo's skyline spread outside the windows like a painting. It's also an absolute delight for rooftop lovers, giving diners a chance to experience the view of Tokyo by day and night.

The menu features an esteemed wine and sake selection, including Shichida from Tenzan Shozu in Saga Prefecture, which won the top prize of Sake Master in France last year, and Jikon from Mie Prefecture, a popular sake that is rarely available.

## FUSION OF QUALITY

The new look of Hamayu mirrors how they wish to present their food: with a strong focus on top-notch

local produce and the original flavors of the ingredients. Hamayu takes great care to ensure that farmers and producers are well understood. They visit them regularly, and customers will be sure to taste and appreciate the passion of all those involved.

Both lunch and the standard dinner course include *kuroge wagyu*, or Japanese black beef. Kobe beef is, of course, a prime player on the menu, but Hamayu goes a step further and serves sirloin and fillets as well—cuts not commonly available in Japan.

## WASHOKU-WESTERN HARMONY

If you are keen to try seasonal seafood, the menu also features dishes with fresh lobster and *awabi* (abalone), straight from a water tank in the kitchen. And if you like being pampered with detail-oriented food, prepare to be amazed by the chefs' use of *washoku*, or Japanese cuisine, recognized by the United Nations Organization for Education, Science and Culture as an intangible cultural heritage that requires great skill. *Washoku* is then incorporated into Western food centered on French cuisine, resulting in an immaculate harmony of Japanese and Western styles.

For a sweet finish, dessert lovers can indulge themselves in the *wasanbon*, a small sugar cake, and *kinako*, a sweet soy powder. If you prefer a healthier option, be sure to try the musk melon, branded strawberries, or seasonal fruits. And to top it all off, admire the restaurant's creativity and watch a fire spectacle that displays the energy of teppan right from your seat.

Whether you're a meat or seafood lover, the new Teppanyaki Hamayu will dazzle your eyes and taste buds. ■

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## Program Schedule

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# TAVERN TASTES

With spring comes a fresh take on food at Andaz Tokyo

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For any restaurant, adapting to the season is key to keeping customers interested. An updated menu with timely flavors is a common starting point, and with a new executive chef the timing was right for Andaz Tavern—the hotel’s signature restaurant—to add a new dimension to its menu and dining experience.

To better reflect the new concept, a change in name was natural, so Grill and Lounge were added to clarify the offering and direction.

“We wanted to align the concept with what people understand and expect,” said Alistair Minty, director of Food and Beverage at Andaz Tokyo Toranomon Hills.

## FOOD FORGE

With the name change came a menu refresh. Chef Shaun Keenan joined in December 2017 and has developed a culinary lineup for The Tavern - Grill & Lounge.

“I’ve kept the modern aspect of the Tavern’s cuisine, but have added a stronger focus on grilled dishes.”

“We’re focusing on all-Japanese cuts of beef and the special aging process,” he said. Known as Yukimuro, this process involves aging the beef in a snow cellar. With a low stable temperature and higher humidity, the meat naturally becomes more tender and rich in flavor as it matures.

“We’ll be getting potatoes done in the same way, because it brings out the natural sugar levels,” Keenan said.



“Really, our key is Japanese-only meats,” added Minty. “Andaz is a very indigenous brand, meaning we use a lot of local flavors and products. The chef knows Japan very well and how to source those ingredients.”

Other dishes will also undergo change, particularly in how they are served. “Everything has a more dynamic presentation, but is very simply done,” Keenan said. “With sauces to match and both classic and modern side dishes, there will be something for everyone.”

Keenan’s experience at high-end hotels in South Korea and Japan gives him an appreciation for the demands of guests with global tastes. So, along with Japanese ingredients, an array of choices from other countries will also be available to spark the interest of diners.

## PERFECT GRILL

One significant change results from the use of a lava stone broiler grill, which gives the meat a perfect crisp seal while keeping the juices inside. And the broiler, which acts much like a pizza oven, circulates the 500-plus-degree heat for even cooking.

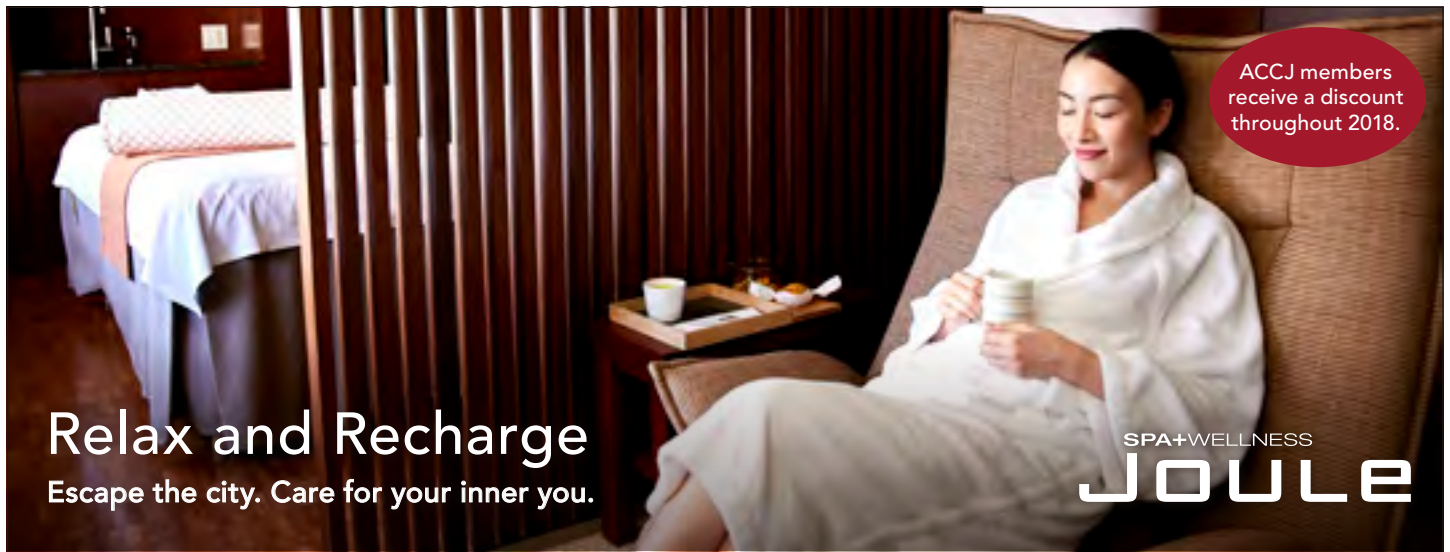
Classic and modern sides can also be seen in the wide variety of signature dishes being introduced—from the elegant but different Niçoise salad to the Chateaubriand that showcases the grill. And when it comes to dessert, the Bombe Alaska, which features seasonal ice cream, awaits sweets lovers.

Brunch will start with a homemade mimosa stand followed by a range of free-flow appetizers, a choice of main course, and a unique dessert salon.

And if you don’t want your brunch to end, spring will see the rooftop bar open earlier on the weekend—perfect for an afternoon of cocktails.

The new lounge area will be a place to experience classic cocktails with a Japanese twist, including the signature Bloody Mary that uses Japanese vodka, yuzu pepper sauce, and home-pressed Japanese tomatoes. For wine fans, 10 premium vintages will be available by the glass.

With sakura season upon us, make sure Andaz Tokyo Toranomon Hills is on your list of destinations. It’s the place to explore the culinary wonders of spring, including a Sakura Dinner, Hanami Afternoon Tea, and botanical cocktails. ■



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## Hays on career challenges in Japan

In an increasingly demanding recruitment market, many employers and candidates are wondering what needs to be done to resolve the talent shortage. Hays CEO Marc Burrage shares his thoughts on the situation and possible solutions.

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# NEW GROUND

Meeting the legal needs of foreign business in Japan

Navigating the complex waters of Japanese law can be daunting. For global corporations operating in Japan, it can seem as though there are rigid rules but few alternatives. Vanguard Lawyers Tokyo offers multinational clients creative solutions together with proactive and practical Japanese legal advice.

"We wanted to set up a boutique firm that focuses on providing high-quality Japanese legal advice to global companies with operations in Japan," said Akiko Yamakawa, a partner at Vanguard, which was founded in September 2017 through an amicable spinoff from the Tokyo office of global law firm Freshfields Bruckhaus Deringer.

Yamakawa and partners Naoki Kinami and Kazuki Okada worked together at Freshfields. When the global financial crisis hit, their focus shifted.

"The employment practice, the domestic disputes and investigations practice, and the financial regulatory practice continued to focus on inbound work, whereas Freshfields globally—and the Tokyo office—started to focus more on outbound, which I think was the right strategy," said Yamakawa. "But for those of us doing inbound, we lost the synergy with the rest of the office."

## THE PRACTICE

The firm's expertise lies in three niche and highly specialized areas: domestic disputes and investigations; employment practice; and financial regulatory practice. It is in these areas that Vanguard believes global companies will be looking for highly specialized lawyers.

One issue many non-Japanese firms face is trying to adapt global practices to Japan, and often such clients are turned down by Japanese lawyers. Vanguard focuses on finding creative ways to maintain the global practices of multinational corporations while matching their needs to Japan's regulatory environment.

"They want us to be creative, proactive, and solution oriented, which is different from normal lawyers in Japan," Yamakawa said.

With the employment practice well established, the firm now hopes to further expand its domestic disputes and investigations practice.

"While our team may be more widely known for its employment practice, actually, half of my work is general commercial disputes,"

said Okada. The team has been representing clients in a variety of disputes in Japan. These include a global financial institution facing litigation related to complex financial instruments; a global media company in various litigations involving complex legal issues such as defamation, right to privacy, and the right to be forgotten; and a global company in litigation related to the 2011 Fukushima nuclear power plant accident.

Yamakawa added: "We have also been working on a lot of investigations during the past six months. Two cases involved large-scale fraud and, given the current climate, we see a rapid increase in investigations that involve sexual harassment and power harassment."

Vanguard is looking to start a new team on the financial regulatory side with the expected addition of a *bengoshi* lateral hire.

"We will first put priority on regulatory advice on the establishment, combination, or realignment of financial institutions operating in Japan, in which I have been heavily involved in the second-half of my entire career of over 40 years," said Kinami. "We will also focus on contentious regulatory practice and offer clients seamless, streamlined synergy with our domestic disputes and investigations practice, as well as on non-contentious regulatory practice."

## WIDER ISSUES

When it comes to Japanese litigation and investigations, it is very different from common-law jurisdictions. In fact, there is no privilege or discovery, and there is no jury system in civil litigation. Language is another factor that needs to be taken into account, along with Japanese cultural norms.

When it comes to financial regulations, the approach is totally different again. "Japanese lawyers tend to look at the regulation and text very closely, often shortsightedly—what you can and cannot do—and that is the end of the advice. But what I am trying to do is look at the regulatory environment and the requirements," Kinami explained. "Then I take a multi-angle approach based on the client's needs and help them decide what direction to take." ■

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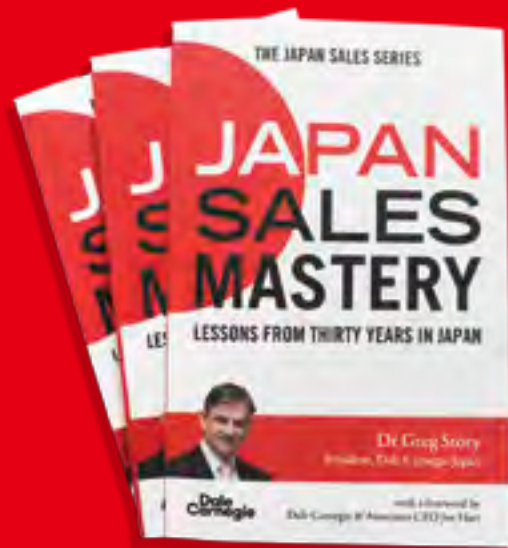
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# HONEST BROKER

Trust is paramount for property investment in Japan

According to the Mortgage Rescue Association, the number of consultations with property investors facing challenges with their investments is increasing rapidly. More than 60 percent of inquirers fail to realize a return on investment (ROI) and file for voluntary bankruptcy.

Many in this group made bad bets based on advice from brokers who were far from transparent about the risks. In fact, such investors were often victims of agents concerned more with off-loading properties than being forthcoming and providing long-term ROI.

And it is not just Japanese investors who are experiencing such sharp practice in the industry. Foreign investors, most of whom are not experienced in the market, often feel taken advantage of or under-informed, Tsuyoshi Hikichi, managing director of Tokyo-based Axios Management KK, told *The ACCJ Journal*.

## SHARP PRACTICE

Hikichi's sentiments are shared by others. "I'm in the process of buying property, and one thing I have found is that real estate investing here is extremely confusing," said a long-term Japan resident who is an aspiring investor from Australia.

"I sat in a five-hour meeting with an agent and had to go through all these terms. The question that came to my mind was: 'Why?' I remember thinking: 'One, I don't understand the language; and two, the process is very cumbersome.'"

Fortunately for this investor, his Japanese spouse was able to help him through the sometimes laborious and often obscure process. Another investor, also a long-term resident but from the United States, shared an equally unsatisfactory experience.

"I once spoke to a real estate company that told me, 'You can buy this place and easily raise the rent.' He effectively rushed me through the process in an effort to get me to sign only to find out that raising the rent after the tenant has signed the lease is difficult."



Tsuyoshi Hikichi, managing director

## TRUST AND TRANSPARENCY

Both investors felt shortchanged; but their stories are not unusual. Indeed, they appear to be on the rise. For Hikichi, this means finding transparent, professional, and trustworthy asset managers who are bilingual and focus on long-term returns can be a challenge in Japan.

Axios was established to fill this gap. Through their asset management strategies—including exacting due diligence, property management, market research, valuation, and a focus on long-term ROI—the company has become the go-to property investment partner for expats.

"For someone like me—a foreign investor in Tokyo that is in need of someone who can connect me to local property managers—there just

aren't that many companies out there like Axios," said the American investor.

## ABOVE AND BEYOND

Axios's portfolio of residential properties includes individual units and whole buildings. What sets the company apart is a focus on honesty and a desire to go above and beyond.

"Sometimes I have to tell clients that the rent is too high, and that is why there are empty units in the property. But I also go out of my way to find solutions for them. Or, when my foreign friends ask for advice, I tell them exactly what I think. I'm always direct and honest with them." ■

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Cummins Japan Ltd.	Merrill Lynch Japan Securities Co., Ltd.	United Airlines, Inc.
Deloitte Touche Tohmatsu LLC	MetLife	Visa Worldwide (Japan) Co., Ltd.
Delta Air Lines, Inc.	MGM Resorts Japan LLC	The Walt Disney Company (Japan) Ltd.
Deutsche Bank Group	Mizuho Financial Group, Inc.	White & Case LLP
Dow Chemical Japan Ltd.	Monex Group, Inc.	Zimmer Biomet G.K.
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