

**PRESIDENT**

The fall will be a critical time  
for us to make a difference

By LARRY BATES | PAGE 7



**EXECUTIVE DIRECTOR**

How the ACCJ has changed  
over the past five years

By SAMUEL KIDDER | PAGE 58

# Journal

SEPTEMBER 2013

## WHEN BUSINESS GIVES BACK

Here are the great causes that benefit from the millions of yen  
raised every year by ACCJ members and fundraisers, such as the  
ACCJ 2013 Tokyo Walkathon on September 21 | PAGE 22



**INTERVIEW | LEISURE**

Bold vision has boosted membership and  
balance sheet at Tokyo American Club

PAGE 28

**BUSINESS INDEX**

This month's featured industries:  
Real Estate, Architecture & Design

PAGE 47

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# INSIDE



51

The 2013 Tokyo Walkathon and TAC Great American Block Party is on September 21.

## 7—President | ACCJ Ahead

Focusing on the Future

The fall will be a critical time for us to make a difference

LARRY BATES

## 9—ACCJ Leaders, Committees, Chapters

## 13—ACCJ Corporate Sustaining Member Companies

## 15—Foreword | Publisher

Back to Business

Warm welcome from new *ACCJ Journal*  
SIMON FARRELL

## 16—Press | ACCJ Members and TPP

Wheat ban lifted • Xbox One launch • Trade talks latest • Sony won't sell

## 19—Committee | Tokyo 2020

For a Tokyo Olympics  
How and why the ACCJ supports Olympic bid

## 21—ACCJ Chapter | Chubu

Greetings from Chubu

With nine committees, a busy events calendar, and a strong entrepreneurial spirit, this lively chapter has fun moving fast

STEVE BURSON

## SPECIAL

## 22—Confab | CSR

When Business Gives Back

Here are the great causes that benefit from the millions of yen raised every year by ACCJ members and fundraisers, such as the ACCJ 2013 Tokyo Walkathon on September 21  
JULIAN RYALL

## 28—Interview | Leisure

Business and Pleasure

Bold vision boosts membership and balance sheet at venerable Tokyo American Club  
GEOFF BOTTING

## 32—Economics | Abenomics

Ending Uncertainty?

The proposed tax hike could fix Japan's debt problem  
JESPER KOLL

## 34—Governance | US vs. Japan-Part One

Waking the Sleeping Giant

Shhh! Shareholders in Japan actually have a lot of power  
NICHOLAS BENES

## 36—Diversity | Young Professionals

Environment vs. The Corporate World  
CSR activities are considered key when taking a new job  
JOHN GHANOTAKIS, AMIR KHAN, TIMOTHY TRAHAN

## 38—Diversity | Single Moms

Top Jobs: Helping Moms to Work  
Motherhood needn't be a handicap for aspiring corporate leaders  
ELIZABETH HANDOVER

## Cover Image

From left: Jason Chare, Shihoko Fujiwara, Emiko Tokunaga, and Paul Fukuda  
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28



52



#### 40—Leadership | Managing People

Be a Better Boss!

And how to handle a bad one

ANDREW SILBERMAN

#### 42—Communication | Music

Playing Its Own Tune

Despite changes worldwide, the music industry here is still driven by CDs

DOMINIC CARTER

#### 43—Coach | Public Speaking

Never Fear, Speak Up!

Start preparing now for impromptu speeches

DR. GREG STORY

#### 45—Opinion | Real Estate

Reform, Revise, Restructure

Abe must act or the real estate market will stall

SETH SULKIN

#### 47—Business Index |

Real Estate, Architecture & Design

#### 51—ACCJ Special Event |

2013 Tokyo Walkathon and TAC Great American Block Party

#### 52—ACCJ Events | Past and Planned

#### 54—Advocacy | White Paper

*Charting a New Course for Growth—Recommendations for Japan's Leaders*

Recent policy discussions by Prime Minister Shinzo Abe and other Japanese officials have included proposals that reiterate points made in the ACCJ Growth Strategy Task Force's 2010 white paper

#### 58—Executive Director |

**Losing Weight, Building Muscle**

How the ACCJ has changed over the past five years

SAMUEL KIDDER



The background of the advertisement is a photograph of the Tokyo American Club's interior. It features a multi-level atrium with a prominent red metal staircase and railings. Large indoor trees are planted in glass-enclosed planters. In the foreground, a long bar with a black countertop is visible, with several red bar stools lined up. Two people are working behind the bar. A circular white logo with the Japanese characters '東京' (Tokyo) and 'TOKYO AMERICAN CLUB' is overlaid on the upper part of the image.

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# FOCUSING ON THE FUTURE

The fall will be a critical time for us to make a difference



Larry Bates lbates@accj.or.jp @ACCJPresident

hope you had a chance to get some rest over the summer, because the fall promises to be a busy and productive time for the ACCJ.

There has never been a more critical period to really make a difference.

All the signals we have been getting from the administration of Prime Minister Shinzo Abe and from officials in the key ministries indicate that Japan's leaders recognize that this fall is vital if they want to succeed in reinvigorating the economy.

We are pleased to see that so much of the policy discussion includes proposals and even language that echoes the ACCJ Growth Strategy Task Force's 2010 white paper, *Charting a New Course for Growth—Recommendations for Japan's Leaders* (see page 54).

I firmly believe that over the next few months, the ACCJ will make tremendous progress in furthering its mission of developing commerce between the United States and Japan and promoting the interests of members. We look to take full advantage of some unprecedented opportunities to improve the international business environment here, and if you are already participating in this effort, thank you. If not, I urge you to become involved.

The next few months will also be critical in shaping the chamber to meet the challenges ahead. We remain financially strong, with member engagement as high as ever, but have not been immune to the difficulties of the past several years.

While we can all take pride in our vigorous response to the events



Recent policy discussions have included proposals based on the ACCJ's 2010 white paper, *Charting a New Course for Growth—Recommendations for Japan's Leaders*

bring your suggestions to me, to the office or to any of the ACCJ leaders.

The CEO/CSM Working Group is led by Monika Merz and Harry Hill. We have seen strong growth over the past 18 months in this membership category, as a growing number of executives from larger companies have come to recognize the benefits of ACCJ membership.

The Company Member/SME Working Group, co-chaired by Michael Bobrove and Shaun Dubin, provided an outstanding road map for exploration of how best to improve member satisfaction of this key category.

The Japanese Member Working Group, co-chaired by Megumi Azuma and Ken Katayama, analyzed and proposed how the ACCJ can better serve this growing membership demographic, a group whose engagement level lags behind that of our non-Japanese members.

We have plenty of other activities on the calendar. On September 21, along with the Tokyo American Club (TAC), we will host the fifth annual ACCJ Tokyo Walkathon and the TAC Great American Block Party (see page 51).

Then, on October 4, we will join our Canadian colleagues to defend our championship North American team at the 11th annual Mercedes-Benz Japan Cup at Atsugi Kokusai Country Club. If you haven't seen the MBJC trophy—stop by the office and take a look.

Whatever your plans this fall, I hope to see you at upcoming ACCJ events ([accj.or.jp/events](http://accj.or.jp/events)) and look forward to more chances to engage with you wherever it may be—online, in these pages or, best of all, in person. •

surrounding the triple disaster of 3/11, our hosting of the Asia-Pacific Council of American Chambers of Commerce (APCAC) US-Asia Business Summit in 2012, and the continual upgrading of our communications presence, we need to focus now on the chamber's future.

To do this we need to build up the membership; increasing the number of members as well as encouraging even greater member engagement.

Earlier this year, the board approved a Special Presidential Task Force to assess the value of our three major categories, namely, the CEO/CSM Engagement Working Group, the Company Member/SME Member Outreach Working Group, and the Japanese Member Engagement Working Group.

These groups gave excellent presentations at the July board meeting and we are currently looking at how to move forward on many of their ideas. I would love to hear your thoughts on this subject, and strongly urge you to

**The next few months will ... be critical in shaping the chamber to meet the challenges ahead.**





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*Continued on page 11*





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# BACK TO BUSINESS



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**A** warm welcome from a rejuvenated *ACCJ Journal*. Some readers may remember me as the editor-in-chief during 2006–09.

Well, it's a great personal and professional honor for me to return, this time as publisher, in an exciting new partnership and era of compelling, creative, and engaging content.

To start, I'd like to introduce you to the *ACCJ Journal*'s first female editor-in-chief, Megan Waters. She will be implementing new ideas over the next few months, some of which have come from ACCJ members, leaders, and staff. If you have any comments or contributions for editorial, or you would just like to meet or chat, Megan is highly approachable and waiting to hear from you.

**Email:** [megan@custom-media.com](mailto:megan@custom-media.com)  
**Tel.:** 03-6804-5267

For inspiration—and preparation for next year's 50th anniversary of the *ACCJ Journal*—I recently spent a nostalgic few hours thumbing through dusty back issues at the ACCJ office to see what has changed—and what hasn't—with the magazine, American English, and US–Japan issues. It made fascinating reading.

I soon found the first issue, published in March 1964, with 29 text-heavy black and white pages and a cover image of two ships passing en route between Japan and the United States, to depict two-way trade.

Inside, an editorial laments that, “... cut off by the bamboo curtain from mainland China”, 35 percent of Japan's imports came from the United States



1 The *ACCJ Journal* was first published in March 1964 and today reaches about 30,000 readers.

2 In August 1968, Townsend Harris, the first US consul to Japan, made the cover.

3 Businesswomen featured in the lead story in August 1988.

4 The ACCJ's 50th anniversary was in 1998.

5 My first issue as editor-in-chief of the *ACCJ Journal* (June 2006) also marked the end of Donald Westmore's reign as executive director and the first column written by Sam Kidder.



and 25 percent of its exports went there. “You can see from these figures that trade with the United States is a key problem with Japan.”

Japan was then the largest overseas market for US exports and the fastest growing market for US goods.

In a “Message to the ACCJ”, Luther Hodges, the then-US secretary of commerce, wrote that, despite an official ban by Japan on citizens’ “pleasure” travel abroad (which was lifted in April 1964), the number of Japanese visitors to the United States had risen by 49 percent over the previous year. The United States, he said, was thus bracing for an inbound “travel explosion.”

One change has been in the publication's title—from *The Journal of the American Chamber of Commerce in Japan* to its present form.

But I find that the *ACCJ Journal* has stayed loyal to at least one key original chamber objective—advocacy.

And to show how far we've come and diverse we've become, I note that SMEs, entrepreneurs, and businesswomen barely got a mention, if at all, until 20–25 years ago, along with corporate governance, diversity, sustainability, environmental awareness, discrimination, and CSR—most of which feature strongly in this issue.

We'll have much more along these lines in six months or so, when we celebrate the *ACCJ Journal*'s golden jubilee with a special issue.

Meanwhile, you are welcome to contact Megan or me with ideas or comments, or just to say hi. •





UNITED STATES DEPARTMENT OF AGRICULTURE

Used in many foods, wheat is a major US export.

## Tokyo Ends Wheat Ban

Japan will resume buying Western White wheat from the Pacific Northwest, ending four months of uncertainty for growers in Oregon, Washington, and Idaho after the discovery of genetically modified plants threatened to shut down their biggest market (*The Oregonian*, August 1).

Japan and South Korea had postponed wheat purchases when unapproved Roundup Ready wheat plants were reported growing in an eastern Oregon field in April. South Korea resumed wheat purchases in July.



## Xbox One in Simultaneous Launch?

Will the Xbox One sell more than the 360?

Microsoft must launch Xbox One, its upcoming next-generation console, in Japan at the same time as in North America if it wishes to see a successful uptake in the region, Dynasty Warriors 8 director Atsushi Miyauchi has claimed (Develop website, July 22).

Microsoft has not set a launch date for the console in Asia. One executive has said it won't launch in the region until 2014—which is thought will be after the rival Sony PS4's scheduled Japan launch.

"I think Microsoft gave up promoting and presenting the Xbox 360 in Japan; it didn't keep the momentum there," he said.

"And if they can release the Xbox One as close as possible to the North American release date, I think that would make a really big difference this time around."

**"I think Microsoft gave up promoting and presenting the Xbox 360 in Japan."**



“We understand that Japan has some sensitivities, and it is not alone in that regard.”

## TPP Official in Tokyo Talks

US Trade Representative Michael Froman held meetings in Tokyo on August 19 about the Trans-Pacific Partnership (Office of the United States Trade Representative, August 20).

Froman told the Japan National Press Club: “This moment offers a major opportunity for the United States and Japan to build on the bedrock of our alliance and our other alliances and partnerships in the region; to maximize regional cooperation through fora like [the Asia-Pacific Economic Cooperation] and the East Asia Summit; to step up our engagement with the 600 million citizens of the 10 ASEAN countries; and to develop an economic and security architecture built on international rules and norms.”

He called the Trans-Pacific Partnership (TPP) critical. “[TPP] will result in an open and transparent regional economic order that can serve as a road map for free, open, and transparent markets across the Asia-Pacific.

“We understand that Japan has some sensitivities, and it is not alone in that regard. TPP countries are addressing their sensitivities in the context of negotiations toward a comprehensive, high standard agreement where all goods are subject to negotiation.

“We believe we can work together—respectfully and pragmatically—even in areas of the negotiations where our two countries don’t see eye-to-eye, to find solutions that work for both of us, just as we were doing with the other TPP partners,” he said.

“President Obama has been a great admirer of Japan since he visited here as a young child, and on his most recent visit, he quoted a Japanese poet who wrote, ‘Individually, we are one drop.

Together, we are an ocean.’

“Four years ago, the first foreign leader President Obama hosted at the White House was the Prime Minister of Japan. The first country Hillary Clinton traveled to during her tenure as Secretary of State was Japan. And the first stop the President made on his first trip to Asia was Japan. That was not accidental. It was intentional.

“The Obama administration understands the central role that Japan plays in the Asia-Pacific region, and the critical nature of the US–Japan relationship in building a better future in this region and around the world.

“Fifty-three years ago, President Eisenhower signed the US–Japan Cooperation and Mutual Security Treaty. He called it the start of an “indestructible partnership” based on “equality and mutual understanding. Our commitment to cooperation and to economic security must be just as durable.

“Japan blazed the trail in the last century for the unprecedented prosperity we’ve seen emerge in the Asia-Pacific—and in doing so, it showed that individual freedom,

democracy, and human rights go hand-in-hand with economic growth.

“Though each country has its unique challenges, we share certain concerns about the future, including the long-term sources of strong, balanced, and sustainable growth and the need to provide opportunity for all of our citizens.

“Our long experience as partners reminds us of this important fact: We must work together to meet those challenges. When we rely on the bonds of friendship that have helped us deal with so many issues in the past, we are positioned to overcome the challenges we now face. A strong partnership helps make us strong individually as well.”



OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

Michael Froman



## Sony Rejects Bid to Sell Unit

Shares in Sony tumbled 5 percent after the group rebuffed a proposal by Daniel Loeb, the activist US hedge fund manager, to spin off part of its entertainment business (*Financial Times*, August 6).

Kazuo Hirai, Sony’s president and CEO, told Loeb in a letter it made public that the film, television, and music arm was fundamental to the company’s strategy and that its investors would be better off if Sony continued to own the operation outright.

Kazuo Hirai: Sony entertainment arm not for sale.



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# FOR A TOKYO OLYMPICS

How and why the ACCJ has supported the bid

By Megan Waters, ACCJ Journal editor-in-chief

Over the past year the ACCJ has been a keen supporter of the Tokyo bid to host the 2020 Olympic and Paralympic Games. Tokyo's undertaking is believed to be well aligned with the chamber's endeavors for this year, encapsulated in the phrase "Achieving Growth Together."

To support its 2020-related effort, the chamber established a task force, chaired by Jonathan Kushner, and supported by vice chairs David Wouters, Edward Cole, and Toshiko Saito. The team has provided supportive statements and advocated on behalf of relevant US, Japanese and international stakeholders; generated positive goodwill among Japan's political and business leaders; and held special events to build enthusiasm among members.

They worked closely with partners such as the Tokyo American Club to drive interest in, and support for, the bid among the city's foreign residents.

"We feel that, by doing our part, we are signaling our enthusiasm for Japan as a place to do business, contributing to the local community, and adding to the personal and professional growth of our members," said Kushner.

He believes the Olympics would provide a tangible goal for Tokyo residents to rally behind. He hopes it might help drive economic growth, generate enthusiasm, and provide a springboard for further investment and interest in Japan as a welcoming destination for global business and inbound tourism.

"For businesses in Japan—local and foreign—greater attention [paid to the

1  
ACCJ President Larry Bates (left) and Fujio Cho, Toyota Motor Corporation honorary chairman and chairman of the Japan Sports Association, at the task force's "What Will the Tokyo 2020 Olympic and Paralympic Games Bring to Japan?" joint event on July 24.



2  
Attending the ACCJ's "Nomunication and New Orleans Jazz" event on March 7 are: (from left) Masataka Fujishima, Akihiko "Tiger" Oga, and Task Force Vice Chair David Wouters.



country] means more opportunities for investment, contracts, and potential. [This would be] not just for the several weeks that Tokyo hosts the Games, but during the nearly seven years of preparations," Kushner said.

Tokyo would provide a safe and well-organized event and, although the city hosted the Games in 1964, it has changed a lot over the past 50 years.

"If Tokyo should win the bid, the 2020 Games would present an opportunity to demonstrate its innovation, showcasing wonderful inventiveness in fields like food, fashion,

architecture, and technology," he said.

At the task force's "What Will the Tokyo 2020 Olympic and Paralympic Games Bring to Japan?" joint event, the ACCJ, on behalf of 14 other chambers of commerce, presented Toyota Motor Corporation Honorary Chairman and Chairman of the Japan Sports Association Fujio Cho with a letter of support for the bid addressed to the IOC. This added further support to the cause.

With the IOC's vote on September 7, it is hoped that the IOC will agree that Tokyo is the best choice for the Games. •

If your ACCJ committee, sub-committee, task force or chapter would like to be featured in the *ACCJ Journal*, please email the editor-in-chief: [megan@custom-media.com](mailto:megan@custom-media.com)





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# GREETINGS FROM CHUBU

With nine committees, a busy events calendar, and a strong entrepreneurial spirit, this lively chapter has fun moving fast

By Steve Burson

**B**eing the smallest chapter of the ACCJ is a real advantage to us here in the Chubu region. We move fast and we have a lot of fun! We have nine very active committees, for which the networking and information pillars of the ACCJ are the main focus. In particular, the entrepreneurial spirit in Chubu is unlike that in any other region. Our Independent Business Committee and our Business Programs Committee lead this very active audience with many breakfast and evening meetings on a variety of interesting topics.

However, we have also begun our own advocacy. In September, we will launch the Chubu Chapter's first position paper, that highlights "How to Put Chubu on the Global Map." The paper was written together with the Greater Nagoya Initiative, that represents the region's national and local government, industry, and academia. Its goal is to help promote foreign direct investment, as well as alliances between overseas and Japanese companies. The paper explains how we are striving to create a more international city, one that can enhance business between Japan and the United States.

Our chapter is built on the back of support from the US Consulate, constituents of our Sustaining Corporate Membership (Oak Lawn Marketing and Nanzan University), and Nagoya's industry (particularly automotive and aerospace companies, which are represented by committees in our chapter).

If you are coming through Nagoya anytime soon, look us up. We would love to see you!

As an example of the activity here in Chubu, I will leave you with reports on two exciting events just completed.

## Chubu Women in Business Committee Event

On July 9, the Chubu Women in Business Committee hosted Professor Edward Yagi from Nagoya's Nanzan University Graduate School of Business Administration.

Yagi spoke on the topic "Professional Women and Uncomfortable Men: Insights on 10,000 Companies from Someone Who Has Seen It All." He discussed historical reasons for women having been, and still being, poorly represented in the global workforce.

The professional status of women in Japan is still remarkably low compared with that of those in the majority of developed nations, he explained. Concerning equality and diversity, he argued for mutuality, and how this concept could bring women to the fore, in Japan and around the world.

More details:

[www.accj.or.jp/images/PDF/edward\\_yagi\\_eng.pdf](http://www.accj.or.jp/images/PDF/edward_yagi_eng.pdf)

## Mobility Manufacturing Committee: Hamaoka Nuclear Power Plant Tour

The ACCJ (Chubu) Mobility Manufacturing Committee hosted a tour of the Chubu Electric Power Company (CEPCO) Hamaoka Nuclear Power Station on July 11. The 18 participants joined us from the Chubu region and Tokyo.



Professor Edward Yagi (right) spoke at the Chubu Women in Business Committee event on July 9.

The tour was organized to inspect the recently implemented earthquake and tsunami countermeasures to which CEPCO has devoted considerable resources. If a picture is worth a thousand words, seeing something firsthand is most impressive. Two briefings were held, one on the bus and the other at the facility, the latter by CEPCO executives in charge of the Hamaoka facility.

With ACCJ tour members given ample opportunity to address their questions and concerns to the executives, the tour was both interesting and informative. One highlight was being able to see up close and touch the formidable anti-tsunami wall that has been constructed.

The ACCJ and the Mobility Manufacturing Committee would like to thank CEPCO for their kind hospitality. In addition, we would like to single out Mr. Yoshiro Hiraiwa for his efforts to help put the event together and for acting as guide and presenter on the bus provided by his company. •



Steve Burson is Vice President of the ACCJ Chubu Chapter.



# WHEN BUSINESS GIVES BACK

Here are the great causes that benefit from the millions of yen raised every year by ACCJ members and fundraisers, such as the ACCJ 2013 Tokyo Walkathon on September 21

By Julian Ryall, Custom Media    Photos by Antony Tran

**T**wenty years ago, the ACCJ did not have a structured or organized CSR program. Member companies and caring individuals donated time and funds to charities and organizations that they felt deserved a bit of a financial leg-up, but it was not a core tenet of the chamber.

On January 17, 1995, the magnitude 6.9 Great Hanshin Earthquake tore through the cities of Kobe and Osaka, killing more than 5,500 people. Members of the chamber swiftly stepped in to volunteer and provide more than ¥30 million to Kansai charities that were “under the radar.”

Today, the ACCJ Community Service Advisory Council (CSAC) provides millions of yen in support each year to needy causes across the country. The concept of assisting local communities has become a pillar of the chamber’s activities.

“I was the chamber’s treasurer at the time of the Kobe quake and I went down there soon afterwards to see what we had done and who we had helped with our donations,” said Tom Whitson, who now chairs the council.

“It was very meaningful for me to see the relief activities for myself. It was not on the scale of what happened in Tohoku, but it was still an awful sight to behold.”



Tom Whitson is chair of the ACCJ Community Service Advisory Council.

After the Kobe quake, there was a growing feeling among ACCJ members who wanted to help, that their efforts would be more effective if they were to band together, to pool information and resources. Increasingly, ACCJ members believed that their aid efforts would be more effective were they able to institutionalize a community service to facilitate a quick response when the next crisis occurred.

Now, the ACCJ raises money every year through the Charity Ball and walkathons in the Chubu and Kansai regions and in Tokyo. The funds support a varied and changing list of organizations.

There are literally dozens of organizations attempting to assist different sectors of the community around the country. Yet, all too often

they lack the resources that would enable them to do so most effectively.

Jason Chare, executive officer and director of Life Line Services for Tokyo English Life Line (TELL), said financial assistance is “the lifeblood” of his counseling organization.

“We can pull together the professionals and the experts to get the job done and you can have great ideas and projects, but you don’t get to do them if you don’t have the funds,” he told the *ACCJ Journal*.

TELL wants to be able to provide its telephone counseling services 24 hours a day, but needs more volunteers and they require training before they can handle a cry for help.

“We are also reaching out to Kansai. The people are there and the technology is ready; we really just need an organization to step forward to enable us to go ahead with the plans.”

Another of this year’s recipients, the Polaris Project, set up an office in Tokyo to combat human trafficking for the sex industry when a member company of the chamber provided space in its offices.

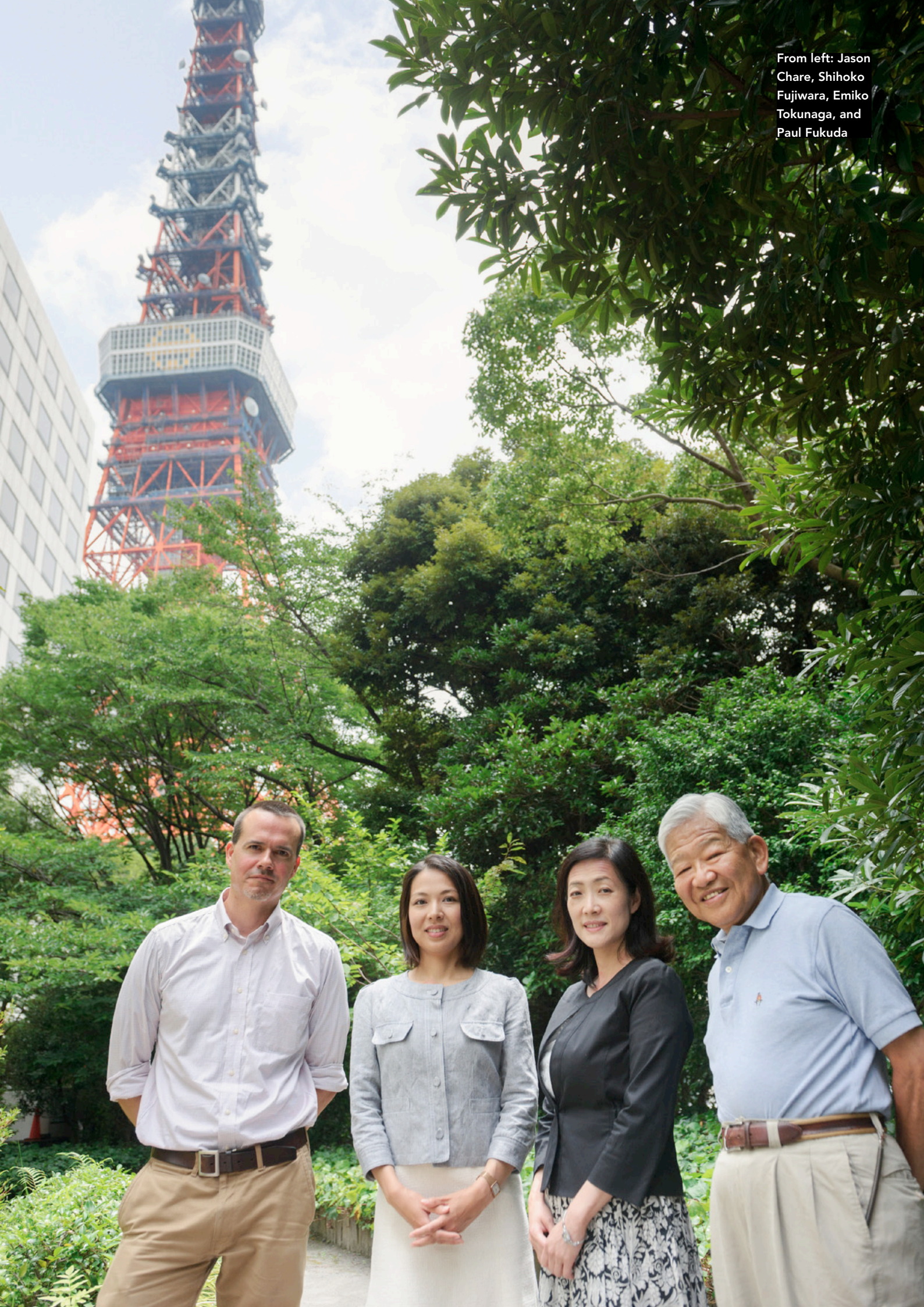
“That was vital support,” said Shihoko Fujiwara, director of the organization’s Japan office.

“We need the support of the community as we push the government to change legislation in this area,” she said. “We’re in a similar situation to

■ Major ACCJ fundraising events include the annual Charity Ball and walkathons in Tokyo, Kansai, Chubu



From left: Jason  
Chare, Shihoko  
Fujiwara, Emiko  
Tokunaga, and  
Paul Fukuda





■  
Big issues:  
suicide,  
natural  
disasters,  
human  
trafficking,  
homelessness,  
the disabled,  
and poor  
children



TELL, in that we want to expand our hotline, which at the moment operates from 9 a.m. to 6 p.m.

"We also need to train staff and this year we are going to start a training program for public- and private-sector workers and teachers, to enable them to identify victims and the vulnerable."

For the Tokyo Union Church, the funds that come from the chamber enable it to purchase fully one-third of all the rice that it uses every year to feed the homeless across the city, while members' generosity allows the YMCA to reach out to children with developmental disabilities—and to assist their families—through a range of programs, including summer and winter camps.

But the 10 charities that received financial assistance know the vulnerable

can always use more help.

"We are a church and we simply follow the teachings of Jesus," said Paul Fukuda, coordinator of the Tokyo Union Church's Mission for Our Homeless Neighbors. "That is, to feed the hungry and clothe the naked."

"We have been feeding the homeless but we would really like the ability to clothe them better," he said. "It is all a question of their basic needs and we want to provide other things, like a chance to have a shower, a haircut and dental care."

For the YMCA, the chamber has done more than simply provide funds to enable programs to get off the ground. Through its network of members, older children with developmental difficulties have been provided internships and other

workplace opportunities—something that Emiko Tokunaga, executive director of the Foreign Community Supporting Committee, said she hopes will increase in the future.

The major disaster that everyone hoped would not happen struck in March 2011 and, thanks to the foresight of the chamber's leaders back in 1995, the ACCJ was better prepared to deal with it. The chamber donated more than ¥50 million from its members for the immediate relief effort, which in 2011 raised ACCJ giving to ¥86 million.

ACCJ member companies directly contributed many millions more through their own offices in Japan, the United States and elsewhere.

One of the recipients in the areas most affected by the worst natural



#### UPCOMING EVENTS

—  
2013 ACCJ  
Tokyo  
Walkathon,  
September 21

2013 ACCJ  
Kansai  
Walkathon,  
October 19



■ ACCJ members offer cash, training, equipment, infrastructure, jobs, food, clothes, advice, counseling, and rescue efforts

**ACCJ member companies directly contributed many millions more through their own offices in Japan, the United States and elsewhere.**



The Noda Elementary School marching band performing at the 2012 national championships with new instruments funded by the ACCJ.

disaster to strike Japan in living memory was the education department of Fukushima City.

"We have spent some of these funds on buying many new musical instruments for children in elementary and junior high schools who lost their instruments in the earthquake and tsunami," said Toshiko Saito, head of the Education General Administration Division of the Fukushima City public school system. "The instruments are used in music classes, school events and club activities. And some of the children have been able to win prizes with these excellent new instruments."

Looking to the future, the education authority hopes the ACCJ will continue to extend support and help children return to a normal way of life in the prefecture. The important schemes

include creating and maintaining safe play areas for children, who have been largely unable to go outside since the disaster at the Fukushima Dai-Ichi Nuclear Plant; providing education for children about radiation; and helping to improve children's scholastic abilities, Saito said.

"CSR efforts have grown to become a key pillar of what we as a chamber do now," said Whitson, who added that he had been deeply impressed by the children of the Noda Elementary School marching band. He saw them perform at the 2012 national championships, playing new instruments funded by the ACCJ.

"This is something that we can feel good about and I believe it projects a good image of ACCJ members to the Japanese community at large," he said.





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## TOKYO UNION CHURCH

Paul Fukuda  
Coordinator of the Mission  
for Our Homeless Neighbors  
[www.tokyouunion.org](http://www.tokyouunion.org)

“We reach out to homeless people, those living on the streets and in parks. We are an international church and a community that revolves around that, but we do not have the strength to help homeless people get jobs or reintegrate back into society. What we are able to do is help maintain their basic life needs. This is mostly delivering food and we also invite people into our church for hot suppers.

“We have around 400 volunteers—the strength of our organization—and, every day, 100 people make basic meals to be delivered to the homeless. The ACCJ is helping us financially and giving these volunteers the chance to use their talents. There are many people who are more than happy to do good, so we can serve as a way to help channel their energies.”

## THE NATIONAL COUNCIL OF YMCAS OF JAPAN

Emiko Tokunaga  
Executive director of the  
Foreign Community Supporting Committee  
[www.ymcajapan.org/english](http://www.ymcajapan.org/english)

“Our group was established in 1958 to support challenged children in Japan through a wide range of programs. We have more than 200 programs throughout Japan for children with disabilities. These are mainly developmental disabilities, and between 6 percent and 10 percent of all children here have some kind of developmental disability.

“We support them and their parents, and are only able to do that thanks to funding from companies and organizations, as well as charity events.”

## FUKUSHIMA CITY PUBLIC SCHOOL SYSTEM

Toshiko Saito  
Head of the Education General Administration Division

“In our city, we have 51 elementary schools, 21 junior high schools, and one special support school. We have been receiving assistance from the ACCJ since the disasters of March 2011, although donations have only been granted to some of our schools. We hope that the chamber will continue this project so we can assist all the schools in our city.

“We have spent some of these funds on buying new musical instruments for elementary and junior high school children who lost their instruments in the earthquake and tsunami. The instruments are used in music classes, school events and club activities. They also help to cultivate the aesthetic sensitivity of the children in every aspect of their education.”

**“CSR efforts have grown to become a key pillar of what we as a chamber do now.”**

—Tom Whitson,  
ACCJ Community  
Service Advisory  
Council

## POLARIS PROJECT

Shihoko Fujiwara  
Director, Japan office  
[www.PolarisProject.jp](http://www.PolarisProject.jp)

“We fight human trafficking and help to rescue the victims—primarily women and children who have been trafficked into the sex industry, and young Japanese runaways. Today, 40 percent of the people that we help are Japanese teenagers; 60 percent are young, foreign women.

“I started in this position directly after graduating from college 10 years ago, and my role is to promote advocacy. We also work

very closely with the police and immigration authorities.

This is a big issue here; the criminals behind the trade are very smart and Japan has to pass laws against human trafficking.”



Polaris Project Japan  
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## TELL

Jason Chare  
Executive officer and director of Life Line Services  
[www.telljp.com](http://www.telljp.com)

“We started in 1973 as a branch of a Japanese lifeline, because it was getting so many calls in English and it was clear that members of the international community here needed help as well.

“Today, we get up to 7,000 calls a year, in 500 of which suicide will be mentioned. Today, 60 percent of the people who call are Japanese, so we are having to evolve and respond to the needs of the community. We are branching out.

“In the 1990s, we started doing face-to-face counseling with accredited and trained counselors, with people paying on a sliding scale according to how much they can afford. We also have a children and family program, and our new projects include a child protection program and a parenting program, because we believe there is often not enough support for families here and they need it. We also have a suicide prevention program, training people how to spot the danger signs.

“In addition, there is an outreach program for schools, since teenagers are often nervous about talking with teachers, family, or friends. Throughout our 40-year history, we have looked out into the community and asked the simple question, “What is missing?” When we identify the support mechanisms that are lacking, we can step in to provide the backing that is not there.” •



If your ACCJ committee, sub-committee, task force or chapter would like to be featured in the ACCJ Journal, please email the editor-in-chief: [megan@custom-media.com](mailto:megan@custom-media.com)





John Durkin, representative governor  
and president of Tokyo American Club

# BUSINESS AND PLEASURE

Bold vision has boosted membership and balance sheet at venerable Tokyo American Club

By Geoff Botting, Custom Media    Photos by Taro Irei

**T**he last few years have been a challenging time for the Tokyo American Club (TAC), to put it very mildly. The club's tribulations were triggered by the global economic crisis of late 2008. Around 700 dues-paying foreign members left, in the wake of the shuttering and drastic restructuring of foreign financial institutions and professional service firms in Tokyo.

What's more, the timing of the Lehman shock could have hardly been worse for TAC. It had just embarked on an ambitious and costly redevelopment plan.

But the financial fortunes of TAC, a private members' club boasting high-end recreational, dining, and family-oriented facilities, have seen a remarkable turnaround over the past few months. A new wave of foreign members is entering, filling out the ranks of the departed expatriates, and bolstering TAC's balance sheet.

The *ACCJ Journal* spoke with John Durkin, the representative governor and president of TAC, about the club's recent past and what's in store for the future.

**Please tell us about your membership. What's the breakdown by nationality?**

We've got around 3,600 members in total. Just less than half are Japanese, about 30 percent are American and the remainder are various other nationalities. The membership was seriously affected by the Lehman shock. There was a huge decline in the number of foreign assignees in Tokyo, so the expat market here—

supermarkets, etc.—was negatively impacted overall, including us. And this isn't a temporary thing; it's structural. Some companies are no longer offering expat benefits, like club memberships, and it's unlikely they'll be doing so again in the near future, I believe.

**How have you adapted to this change?**

We have been welcoming new members who are on their own, who are not sponsored [by their employers]. We've dropped the entry fee to ¥1.2 million for overseas members, a move aimed at bringing in more people who previously would not have been interested due to cost concerns.

After the new club facilities were built in 2010, we put the entry fee up to ¥3 million, and from then until late last year, we got very few new foreign members who came in at that price.

But, in fact, most who entered during that period did so under alternative entry programs. So the average was around ¥1.3 million. Obviously, what we had wasn't working, and we had to adjust that to what the market would bear. But the last few months have been some of the best we've ever had, financially speaking, as a result of our membership initiatives.

**So, you're attracting fewer "traditional" expats at big multinational corporations and more independent people like entrepreneurs?**

Exactly. A lot of those people and their families are joining up. We've always known that there are plenty of people in Tokyo who would like to join the club but felt, for whatever reason, that

it wasn't accessible. So in November, we had a promotion to lower the entry fee to ¥800,000 for three months, and on the first day we had an unbelievable number of applications.

We did another promotion in April for ¥900,000 and in total brought in about 325 new members. These numbers have now kick-started our growth cycle. It made us realize what the market is about.

**You and your staff claim to have set the club on a path to financial sustainability. What did you do?**

We were in trouble after the Lehman shock, because we had taken on ¥11 billion in debt and members were leaving. There were worries that we might default, which had the potential to cause a vicious circle. People won't join if they think you're on the verge of going out of business. However, we managed to source a large amount of cash from an intangible asset in our possession, which we used for a prepayment on the debt. That was the first step. The second involved a loan we had taken out which, as terms and conditions go, was really bad for us. We managed to renegotiate it with much better conditions. At that point, the balance-sheet problems were fixed.

The lowering of the entry fee to ¥1.2 million for the international community means we can attract a sustainable number of new members. The revenue from the entry fees will be used to pay debt, and then we use monthly dues to cover the club's fixed costs. All the outlets [such as restaurants], meanwhile, generally break even.

■  
With Americans accounting for some 30% of 3,600 members, more emphasis is being placed on US culture



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Our next step is to ask members to vote on a proposed alignment of their monthly dues. That's because many of them who came in December 2009 and earlier are paying lower dues than those who came after.

**Over the last few decades, the proportion of Americans in your membership has shrunk. Does this mean TAC has in some way become less American than before?**

Definitely not. In fact, we're putting more emphasis on American culture, because this is the American Club—not the International Club—and we were founded on American culture. Many people join because that's what they're looking for. For instance, we recently put a lot of emphasis on a Fourth of July celebration.

**How do you create a sense of community among your diverse members?**

We have a number of different activities for different groups, such as a golf group, which goes out once a month, a squash league, and so on.

We also have social activities that are aimed at making it easy for everyone here to create a sense of community. We have a wine group, and the women's group is very good at helping spouses acclimatize to Tokyo. The [activities] involve diverse groups of people, not just Americans with Americans, or Japanese with Japanese. The idea is to create a sense of community.

**What is TAC's biggest draw?**

I would say recreation. The swimming pool is super popular. The fitness center opens at 6:30 a.m. and people are even showing up at six to prepare for their workouts before work. There aren't many places in Tokyo where you can do this. In addition to the gym, we've got a squash court, a regulation basketball



court, a yoga studio and an onsen-type Jacuzzi for both men and women. For fitness and recreation, we're the best.

**TAC has proclaimed itself as being a firm supporter of Tokyo's bid to host the 2020 Olympic and Paralympic Games. Why are you so enthusiastic about this?**

We just think that Tokyo would have a fantastic opportunity. It's an exciting event, which would bring economic vitality to the city. It would shine the spotlight on Tokyo, including Japan's organizational abilities and infrastructure, showing it as the best place in the world to be.

We're really enthusiastic here at the club. We've even gathered 2,020 signatures in support of the Games that we recently submitted to Tokyo Governor Naoki Inose. It's going to be the best Olympics ever.

**The club and the ACCJ have a long-standing relationship. How do you foresee that developing?**

Our relationship couldn't be better. ACCJ Chairman Mike Alfant and I talk together regularly. The ACCJ is a great customer for us, as they have meetings and activities here. We'd love every member of the ACCJ to be a member of TAC. We definitely want to do more with the ACCJ in the future. •

■ Entry fee has recently been lowered and more people are joining as independent members

■ The ACCJ and TAC enjoy a long-standing relationship



# ENDING UNCERTAINTY?

The proposed tax hike could fix Japan's debt problem

By Jesper Koll

**A**benomics is keeping me extremely busy. Over the past two months, I have met, or had conference calls, with more than 1,000 global investors. This is about five times more than the number of such interactions I have had in the past over the same period, and unprecedented for a time of year generally characterized by a summer lull.

A recent Japan macro-related lunch in New York was attended by almost 150 investors, although when I held it in summer last year, barely 10 people showed up. But even more telling is the fact that, of the 150 who attended, barely one quarter had actually been to Japan.

Make no mistake: the dream of Abenomics has turned Japan into a very hot market for global investors. Moreover, it is not the experienced old Japan hands, but a new breed of true global fund generalists who are interested and excited about Japan investment opportunities. At the very least, Japan is no longer viewed as a career killer as a result of Abenomics.

Abenomics means different things to different people, and it is tempting to get lost in a heated debate of what should—or should not—happen on the policy front.

Having Prime Minister Shinzo Abe at the helm means the end of policy indecision and lack of government leadership. Clear-cut majority rule is back in Japan, and with it comes hope of consistency and credibility.

Whether you like team Abe or not is less important than the fact that they

will be running the country for at least three, if not four, years. Predictability brings a premium.

What needs to get done? By far the biggest threat to Japan's future prosperity comes from the fiscal deficit, now running at almost 250 percent of national income.

But there is good news. While Japan has mortgaged much of her future prosperity, there is ample room to avoid the debt trap and rebuild national wealth. How? Japan's tax system can easily be made more efficient.

To get out of debt, an economy needs two forces. First, economic growth; second, an efficient tax system. Right now, Japan has neither, and Abenomics must deliver both. Japan's current tax system is one of the least efficient in the world. To judge the system, economists look at the tax multiplier, to see how much public revenue grows for every 1 percent growth in national income. A fair system has a multiplier of one, so that if the total pie grows by 1 percent, so does the public part of it.

But in Japan, the tax multiplier stands at just below 0.7, which is to say that the public take grows at a much slower pace than the overall economy. Most of the Organization for Economic Co-operation and Development economies boast a multiplier of around 1.2 to 1.4.

There are many reasons for Japan's inefficiency. The main one is wage deflation for the young and the demographic push toward retirement for the elderly. Both these factors work to pull people's income down into lower tax brackets.

**To get out of debt, an economy needs two forces. First, economic growth; second, an efficient tax system. Right now, Japan has neither.**

To fix this, wages for the young must go up, retirement for the elderly be postponed, or the tax collection system must change from taxing incomes to taxing consumption. The third alternative is a particularly elegant, indeed fair, solution. The young earn and spend their own hard-earned income, but the elderly only consume out of income received from the young, possibly supplemented by drawing down their own savings.

Why is it fair? Remember, Japan's demographic reality is that, when today's elderly (pensioners) were young (working), it took about six of them to support one elderly individual. Today, however, it takes about three young (working) people to support one elderly (pensioner) individual.

Maybe today's workers are not quite as enthusiastic as previous generations, because they know full well that about one-third of their hard-earned income is siphoned off to support Japan's growing number of retirees.

Over the next three to five years, the growing number of retiring baby boomers will give even more of a boost to Japan's generational inequality.

The easiest way to fix this is to tax everyone when they consume, i.e., introduce a higher consumption tax. Indeed, a higher consumption tax rate would be a most elegant way to ease the burden and transfer wealth from the older generation back to the younger one.

Opinions differ greatly on how high the consumption tax needs to go to attain true fiscal consolidation. Estimates vary from between 15 percent

and 30 percent, compared with the current 5 percent.

I believe such calculations are necessary but, at the same time, relatively useless as there are far too many variables that dictate the actual fiscal dynamics in any macro economy.

Most countries with sizable deficits have experienced deficit reduction running at a much faster pace than previously calculated, since once the economy starts growing, the positive multipliers multiply. This is true for Sweden and the United States in the 1990s, and remains true for the United States today.

I am certain the same will happen in Japan, with, for example, rising wages for the young poised to feed positive surprises on the income and spending side. As we said, to fix Japan's debt problem we need two things: an efficient tax system and economic growth. When you get these, the fix turns into a self-enforcing virtuous cycle of wealth creation.

Of course, many worry that the consumption tax hike starting next April will derail the recovery. Let me counter this fear by quoting my favorite economist, Frenchman Jean-Baptiste Say (1767–1832), who said that, “In times of political confusion and under an arbitrary government, many will

**Most countries with sizable deficits have experienced deficit reduction running at a much faster pace than previously calculated, since once the economy starts growing, the positive multipliers multiply.**

prefer to keep their capital inactive, concealed and unproductive, either of profit or gratification, rather than run the risk of its display” (*Treatise on Political Economy*, 1803).

In my view, these words summarize Japan's past decades very well. Uncertainty over the policy regime kept savings and risk capital frozen and inactive, particularly as the rise in future liabilities—the fiscal deficit—was becoming increasingly worse. But finally, next year promises to bring an end to the uncertainty.

Political leaders are taking action and the beginning of a fix is coming

into sight. Risk capital and savings are poised to be mobilized and to take action—as long as the political leadership stays the course and sticks to its promises and commitments.

By contrast, a reversal would send Japan back to political confusion and arbitrary government. I trust that the prime minister has what it takes to do the right thing, namely, deliver what is necessary to attain a sustainable recovery in Japan. His decision regarding a consumption tax hike will offer the first insight into whether he has the qualities needed to forge an economic upturn. •



Jesper Koll is a Managing Director and Head of Research at J.P. Morgan Securities LLC.

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# WAKING THE SLEEPING GIANT

Shhh! Shareholders in Japan actually have a lot of power

By Nicholas Benes

I am often asked to compare corporate governance in Japan and the US. The truth is that the two systems are so different in structure and practice that it is a bit like comparing apples and pineapples.

Since the modern corporation is less than 200 years old, and corporate governance has existed as a concept for only half that time at most, in terms of governance we are still in the age of the Neanderthals. So, rather than engaging in rivalry—my rock axe is better than your wolf tooth club—we desperately need to learn from each other.

To do this, we must understand what needs be improved, and identify areas in which each country may be able to learn more effective practices and structural concepts from the other.

We should begin by understanding that—surprisingly to some—the Company Law of Japan is generally much more shareholder-friendly than is its US equivalents when it comes to US public companies. This is particularly true in areas where it most matters: shareholder proposals and voting.

Conversely, the US corporate governance system tends to be more board-centric on a variety of key issues than is the case in Japan. Accordingly, it has more sophisticated practices and legal rules related to the proper functioning of the board.

Superficially, to submit a shareholder proposal in the United States, you only need to have held, continuously for one year, either 1 percent of the company's shares, or stock with a market value of \$2,000.

In Japan, the hurdle is also not very high. You are required to hold, for six months or more, either 1 percent of the company's shares or 300 units of stock, whichever figure is lower.

The big difference is that in the United States, shareholders do not have “proxy access”, which allows one to nominate director candidates and have their names included on the proxy statement. There, the incumbent board gets to choose the candidate names that appear on the proxy statement.

Thus, for all practical purposes, US shareholders cannot make proposals about some of the things they most care about, such as nominating new directors or terminating existing ones, and about policies that conflict with those that incumbent management is submitting to shareholders at the same time. This is because they do not have the right to have their proposal included in the proxy materials, namely, to get it on the ballot.

Japanese shareholders, however, *do* have “proxy access.”

The result is that, in terms of procedure, most US shareholder meetings are a bit like North Korean elections. There is only one slate of directors described in the proxy materials, so only one slate of candidates that one can vote for or against, with no alternatives for any candidate.

What's more, at most US companies each director does not even need to be supported by a majority of voting shareholders in order to be elected. All he or she needs is a plurality of votes, which is to say, more votes than any alternative candidate—of which there

are none. One vote is enough if there is nobody else.

So, it's best to not embarrass yourself by claiming that we have shareholder democracy in the United States. What we have is a very *board-centric* system.

Why is this, and what does “proxy access” really mean? In modern financial markets, some 99 percent-plus of all voting of shares is done in advance. Almost all shareholders send in a proxy form (his or her votes) in advance, after having read the proxy materials explaining the proposals to be voted on.

So, if you are making a shareholder proposal and you want to stand a chance of attracting the attention (and possible votes) of 99 percent of investors, for practical purposes you absolutely *must* get your proposal included in those proxy materials. You need to have “access to the proxy”, or you will lose from the start.

You can stand up in the shareholder meeting and ask less than 1 percent of the shareholders to vote for your candidates, but you will already have lost many weeks earlier, when the other 99 percent plus of shareholders voted for or against the only prospects they saw: the candidates in the proxy statement, which did not include your candidates.

Your only alternative would be to engage in a proxy fight by spending millions of dollars on lawyers' fees and for media coverage.

This is all because the Securities and Exchange Commission's (SEC's) Rule 14a-8(i) permits management to exclude from the proxy statement

**The Company Law of Japan is generally much more shareholder-friendly than is its US equivalents.**

**If you are making a shareholder proposal and you want to stand a chance of attracting the attention (and possible votes) of 99 percent of investors, for practical purposes you absolutely must get your proposal included in the proxy materials.**

proposals relating to director elections (whether nominations, terminations or procedural proposals) that would affect the outcome of the election of directors, or that directly conflict with a company proposal to be submitted at the same meeting.

By contrast, in Japan, proposals to nominate or terminate directors or statutory auditors are deemed perfectly valid, and management has no right to exclude them from the proxy materials. Further, they are easy to submit. Shareholders who meet the minimal requirements described earlier, will automatically have their proposals included in the proxy materials, and therefore will have a low-cost, easy opportunity to get the attention (and possible votes) of the 99 percent-plus of shareholders who vote by proxy, in advance.

Moreover, in Japan there is no such thing as election by a plurality. Directors and statutory auditors in Japan must be elected by an absolute majority of voting shareholders.

(Note that recently, the SEC relaxed its rules so that shareholders can propose to any particular company that it change its Articles so that they be given access to the proxy. While not an easy route, this sets the stage for so-called “private ordering” with a range of different rules for access).

Another major difference between the two systems is that in the United States, the vast majority of proposals must be precatory, that is advisory, in nature. In other words, most proposals make a recommendation to the board, but are not binding on it.

But in Japan, as in the United Kingdom and most Continental jurisdictions, proposals are always binding on the board. If a proposal is not sufficiently clear as to exactly what it is asking the board to do, it can be excluded from the proxy materials for that reason.

It should be noted that the US system differs from that of Japan in that the vast majority of directors on US boards (at a minimum, the majority) are independent directors, who bear significant reputational and liability risk if they do not do what is arguably best for the company, and it is they who make up the director nomination committees at companies.

Managerial influence is, thus, offset to a significant extent, ensuring that most directors who appear on the proxy statement meet minimum standards of experience, knowledge, and independence, as well as have the right mind-set. Most of them are not just close buddies of the CEO who have no rigor and little to add.

But there are still far too many exceptions to this statement. As is the case for many other countries, the United States needs to pursue more director professionalization and track past records to enforce accountability.

In Japan, it is almost always an insider-controlled board that is proposing a slate of board candidates that will likewise be insider-controlled, with one or two friends as outsiders—all in reality hand-picked by the CEO, regardless of whether the company claims a nomination committee did the selecting.

In a statutory auditory committee-style company—the governance format chosen by 98 percent of Japanese public companies—nomination committees don’t have any legal validity or role. Moreover, often the CEO sits on the nomination committee.

Interestingly, *despite* Japan’s very

shareholder-friendly company law, because of cross-shareholdings and cultural reluctance of shareholders and potential outside director candidates, there have not been many shareholder proposals to appoint outside directors to boards.

The main reason is that this would be seen as a hostile thing to do, making it hard to find a candidate who might be elected. Therefore, even in Japan there is almost always only one director slate to vote for, and it mostly comprises internally promoted executives.

In some ways, the end result is similar to that in the United States, but for different reasons. Even if the slate includes outside directors, you can be pretty sure that they have been selected because they are friends of senior management (or were vouched for by close friends) and generally are expected to go with the flow on the most important and sensitive issues. Sorry if this seems cynical ... But if Japanese shareholders ever wake up to their legal rights, and Japanese companies realize that high-quality, independent director candidates proposed by sophisticated, understanding investors can add great value to their companies, things could change very rapidly in Japan, in a win-win cycle.

In small ways, this is starting to happen. Japanese shareholders are a sleeping giant who is starting to waken. •



Nicholas Benes is representative director of The Board Director Training Institute of Japan.



# ENVIRONMENT VS. THE CORPORATE WORLD

CSR activities are considered key when taking a new job

By John Ghanotakis, Amir Khan, and Timothy Trahan

**J**apan has not always been the most transparent country when it comes to highlighting corporate failures. With its top-down hierarchical structure and close political and business ties, embarrassing issues have often been swept under the carpet.

This, coupled with a passive media and a shortage of investigative journalists, means that boardroom scandals, safety failures, discrimination, and other problems are rarely seen until the problem becomes so big that it can no longer be contained.

So how does all this impact young professionals today?

Whistle-blower legislation supposedly provides a fig leaf of protection here in Japan. Yet, especially among young professionals who have the most to lose in terms of their future careers, there are very few brave souls who would dare speak up against large corporates. But corporate scandals aside, many young professionals also fear for their futures, due to the larger social, economic, and political issues that impact the environment in which they work and live.

With this awareness, many young professionals are asking what they can do in their companies to make a difference and help change things for the future. While the CSR programs of some companies are more self-regulation- and compliance-related, other companies pride themselves on funding or promoting external programs for social good. The programs cover a broad area, from supporting charities and education to

## ACCJ EVENT

Clifford Rosenberg, managing director of LinkedIn Australia, New Zealand and Southeast Asia, will give a presentation on September 10 at the ACCJ entitled "Transforming the Way the World Works with Social Media." To be co-hosted by the Young Professionals Committee, the event will provide insights into the role of social media in business.

For more details:  
[www.accj.or.jp](http://www.accj.or.jp)



ARK helps find new homes for dogs affected by the 2011 earthquake and tsunami.

seeking legislative changes as well as workplace regulation.

Many of our members, and much of the ACCJ membership, joined volunteer projects in the Tohoku area to assist in providing support and supplies to the towns and villages devastated by the March 2011 quake and tsunami.

While company budgets facilitated the logistics of going to the devastated communities, it was the leadership and on-the-ground activities of the individual employees that really made a difference. These people showed that corporations feel a responsibility to contribute to society, particularly to communities that have been affected by a disaster. The activities continue and many are spearheaded and supported by young professionals looking to

utilize their leadership skills and take part in teamwork outside the office.

Some of our members have had CSR-related items included in their offer letters and considered that inclusion as an important part of taking a new job.

Change can happen top down through strong leadership and corporate change, or from the bottom up through pressure of the media, social action, workforce action, or voting. Either way the importance of, and need for, change for the better is fueling many companies' drives for a more friendly interactive approach.

However, the broader concerns of young professionals go beyond the scope of CSR. Understanding corporate change and learning how to develop

synergy between the environment and the corporate business world will help these leaders of the future have a better sense of how everything is related, even if sometimes less directly.

With this goal in mind we recently arranged a presentation by TEPCO about the changes and awareness that developed following the failures at Fukushima, and how these have resulted in a more responsible and safety-conscious approach.

Many of the young professionals who attended heard how one of the most traditional Japanese companies

has elected a foreign female to their board, and how she is driving the company's internal and external programs of change, transparency, and accountability.

In addition, for September we have scheduled a presentation on charitable involvement, participation, and opportunity by ARK founder Elizabeth Oliver MBE. This will be a great chance for young professionals—whether or not currently taking part in their companies' CSR activities—to learn how to get involved in charitable work and contribute to the greater society.

In today's busy world, there are few opportunities for individuals to make a difference to their companies or society. That makes it doubly important to hear about success stories like these, and to learn how easy it is to become involved.

A company's future and strength lie in its employees and young professionals, who will lead the company and shape it for the future. With a greater awareness among tomorrow's leadership concerning the importance of running a responsible business, we can all hope for a much brighter future. •

**Many young professionals are asking what they can do in their companies to make a difference and help change things for the future.**



John Ghanotakis (chair), Amir Khan, and Timothy Trahan (vice chairs) are members of the ACCJ Young Professionals Group Subcommittee.

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# TOP JOBS: HELPING MOMS TO WORK

Motherhood needn't be a handicap for aspiring corporate leaders

By Elizabeth Handover



I first met Makiko Fukui in 2011, and was immediately impressed with this friendly and confident young woman who had single handedly set up and made a success of a business that many had advised she was mad to start.

"A recruiting business for single mothers? Nobody will hire them!"

Well, as it turned out, plenty of companies did hire them and Fukui's business has gone from strength to strength, bringing her to the day at the end of May this year when she was awarded the Women's Challenge Grand Prize by Prime Minister Shinzo Abe's Cabinet Office.

Fukui was recognized for her efforts to persuade 100 companies to hire women, many of them single mothers,

and place them in full-time and management positions. Her company, Harmony Residence Inc., is the only recruiting company in Japan that specializes in helping single mothers to gain quality, full-time jobs.

At present 80 percent of her job candidates are single mothers, 10 percent are single women and the remainder are married women with children.

The Japanese government's goal to have women fill 30 percent of management positions by 2020 has boosted the number of companies that are seeking women who have the talent and qualifications to fill leadership positions.

However, despite their stated desire to both hire and promote women up

the corporate ladder, many companies are reluctant to provide female employees with the budget and the opportunity to get the right training.

Seeing this gap, Fukui stepped up to seek leadership training for her candidates and reached out to the Women's Leadership Development Centre (WLDC). The WLDC specialist program empowers women to let go of self-limiting attitudes and gain self-confidence, while developing authentic leadership behaviors and presence.

The leadership program has been offering scholarships to Harmony Residence candidates since 2012, enabling them to have the right qualities and self-belief to aim for the top.

What first fueled the passion to support women's success? As an eight-year-old child in the 1970s, Fukui was given a school assignment to write about what she wanted to become as an adult.

She dreamed of being a doctor but, when she shared this with her parents, she was shocked and deeply disappointed. She was told by them that her ambition was unrealistic and that it was impossible to both be a doctor and have a family.

She gave up her dream and went for a less ambitious career. Nevertheless, she experienced frustration and difficulties when working and looking after her daughter. The problems were exacerbated by having to give up her job several times to follow her husband when his company relocated him.

Then came the day when her daughter was eight years old and came home with the very same assignment

Fukui was awarded the Women's Challenge Grand Prize for her work in persuading 100 companies to place single women in leadership positions.

■ The only company in Japan that helps single mothers secure top leadership roles

“What do you want to become when you grow up?”

As Fukui read her daughter's many lovely and free-ranging career dreams her heart sank. She suddenly saw with great clarity the reality that not much had really changed for women over the previous three decades. In that moment she decided that someone really had to do something to help Japanese women make their dreams come true.

Gradually, the resolve was born to start a recruiting company. Through this, she thought, she would change society's perception to the point where it would recognize that women, both with and without families, can become successful corporate leaders.

Fukui also plays another key role in supporting women in her position as vice chair for advocacy on the ACCJ Women in Business Committee.

Her role is to provide information to the Japanese government and help

them find better ways to accelerate the promotion of women in Japan.

Government policymakers sometimes lack knowledge and essential information about the real challenges women face across the business world. By submitting official viewpoint documents, Fukui and her colleagues on the committee, with the support of the ACCJ leadership, can submit valuable input based on up-to-date, real-world needs.

It is essential to have the right government policies and a better business environment to create a level playing field for women. But, if society is to change for the better, Fukui believes that something else also is necessary.

Women, she explains, must step up, take action, and make an effort to invest in themselves. That they can do by having the courage to reach out for promotion, leave a dead-end job

for a better one, or invest in training to gain more confident behavior and leadership skills.

Many women naïvely are under the misapprehension that, if they just keep quiet and work hard, at some point their effort will be recognized and they will be rewarded.

However, the world is changing faster than ever before and others are moving forward. This means that those who stand still are, in reality, moving backwards.

Thus, Fukui urges women to take, at every opportunity, more positive action and more responsibility for their personal and professional lives.

Fukui's continuing and growing dream is to see Japanese women have fulfilling careers, while becoming economically independent, more confident and, ultimately, happier.

And, who better to be a model for all these aspirations than Fukui herself? •

**Government target: 30 percent of managers to be women by 2020**




Elizabeth Handover is co-chair of the ACCJ Women in Business Committee and president of Intrapersona K.K., Lumina Learning Asia Partner.

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# BE A BETTER BOSS!

And how to handle a bad one

By Andrew Silberman

**E**ight hot summers ago, an editor asked me to write a series of articles on bad *bucho*, or managers. Through confidential employee interviews, I learned about many managers who engaged in practices that ranged from ineffective to borderline illegal. And some, such as the so-called Sekuhara Sam, surely crossed the line.

Again I have received a similar request for the first issue of the *ACCJ Journal*. “Can you address how to deal with a boss who always thinks he is right, can never say sorry, always wins arguments, butts in, etc.? And how not to be such a boss?”

So let’s swing the ax at this prickly topic. I’ve enlisted the help of Bill Morachnick, president, Santa Fe Reynolds Tobacco International, GmbH, and Dan Nestle, long-time Japan hand, now a senior marketing communications manager for a non-profit organization in the US.

Both Morachnick and Nestle have held leadership positions with companies and organizations in and outside Japan, and Morachnick has been an ACCJ member since the early 1990s. Like us, they’ve both have had their share of good and bad bosses, and based on what I have heard from those who work directly with these two, they are good, or even great, bosses themselves.

## How to handle a bad boss

Morachnick answered my query with the following. “A good approach is to establish a very clear understanding of

your own goals as well as those of the company and your direct supervisor.

“And when it comes to your supervisor, I’m not talking strictly about the goals that are part of the company review process, but *really* understanding your supervisor’s career goals, life priorities, and other important aspects.

“If you understand this, then it is within your control to align your goals and those of your supervisor to consistently create win-win scenarios. Within this type of relationship, it should put you in a much better position to correct behaviors that you find difficult or counter-productive.”

So how about when you want to change a boss’s behavior? “It is better to avoid starting with something like, ‘I’m sorry that I have to raise this issue with you, but for the last several months I have been frustrated due to ... (fill in whatever it is about your boss that is driving you nuts!), and I’d like to talk to you about how to change it.’”

This direct approach may work, but you run the risk that it puts your boss on the defensive and causes your relationship to deteriorate further.

An alternative approach is to begin with: “I’ve been giving some thought to how we can work most effectively together to make sure we nail our goals this year, and I’d like to share them with you when you have a moment.”

“I can tell you that, as a boss, I would be in a very different state of mind listening to the second approach as opposed to the first one.”

However, note that for this second approach to work, you must have first



Bill Morachnick:

**“[The] direct approach may work, but you run the risk that it puts your boss on the defensive.”**

clearly shared and understood each other’s goals.

## We’ll find better cheese!

Nestle shared one of his favorite bad boss stories, this from the CEO of an internet company in Japan.

“This CEO felt he was so right, so justified in his convictions, that any dissent or difference of opinion among his staff was due to their immaturity, or their being closed-minded. With morale at a low point, he decided to rally the troops by buying us each a copy of what he felt was the greatest motivational book of our times, titled *Who Moved My Cheese?*, by Spencer Johnson.

“He was so convinced that we’d come around to his thinking that he assigned us all to read it and give our feedback. Well, as more of us read the book, we came around to a new way of thinking, but it wasn’t at all what the boss had envisioned.

“Rather than fall in line, we started to see that the boss was the one moving our cheese and, dammit, we were going to find new cheese. He didn’t take it very well . . . and he never did get around to asking us for that feedback.”

Nestle handled that boss in the most popular (and wise) way. Nestle left.

A recent *Daily Infographic* ([dailyinfographic.com](http://dailyinfographic.com)) identified five of “the worst bossy traits,” namely, being a public belittler, liar, demeanor/condescender, humiliater/embarrasser, and micromanager/nitpicker.

We’ve all known at least one boss with one or more of these traits. One

option you might want to consider is a conversation where you share your impression of the micromanagement of your job, for example.

Stay away from any absolutes (always/never) and avoid “you” messages. “You always butt in” will get you nowhere. Rather, aim for something along the lines of, “Yesterday when I was talking with the vendor and you interrupted and took over the conversation, I felt blocked from doing my assigned task.”

That may at least have a chance of putting the issue into your boss’s conscious awareness.

Speaking of awareness, Nestle raised a point I’ve seen in several clients myself. “Sometimes a bad boss is just a person who can’t cope with anxiety, so he pushes it down to you.

“If you know that anxiety is driving his behavior, you may be able to mitigate the bad boss effect if you can figure out where that anxiety comes from. Sometimes there’s nothing you can do, but it’s worth a try. Who knows? You may be able to turn around your relationship.”

### The more important question

How can you avoid being one of these bad bosses? First, don’t just assume that you aren’t one. You need feedback. Many companies like to use 360-degree evaluations, with anonymous reporting.

But here’s something radical. Let those reporting directly to you know that you’re working on improving everything about the organization, so naturally you want to start with you.

“How am I doing in terms of my communication and management style? What would you like me to do more of? Less of? How can I be a better boss for you?”

A great way to do this is with your team around the table, with each person writing out their ideas and then sharing them verbally with you, in front of everyone else. If you’re uncomfortable with this idea, then consult a facilitator.



Dan Nestle:

**“Sometimes a bad boss is just a person who can’t cope with anxiety, so he pushes it down to you.”**

And then ... open your ears, eyes, heart and soul—everything except your mouth—and listen to what those reporting to you say.

In addition, take notes. Encourage them. Say nothing in defense. After each one speaks, end with a sincere “thank you.”

Will this guarantee 100 percent honest feedback? No. But nothing else will, either. I have seen “anonymous” feedback backfire far more often than this approach.

Given that you know the negative traits of bad bosses, and are conscientious enough to want to avoid expressing those traits, you’re moving in the right direction.

To make sure you keep moving forward, you need to know how you’re perceived by your current group of subordinates. And the best way to do that is to ask. •



Andrew Silberman is president and chief enthusiast of AMT Group ([www.amt-group.com](http://www.amt-group.com)) and an elected governor of the ACCJ. [Andrew@amt-group.com](mailto:Andrew@amt-group.com).

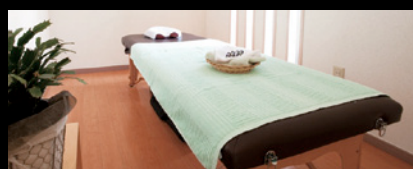
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# PLAYING ITS OWN TUNE

Despite changes worldwide, the music industry here is still driven by CDs

By Dominic Carter

**M**any a time it has been said that Japan likes to do things its own way. And nowhere is this truer than in the music business. In the past decade in Western markets we have witnessed an almost complete transformation in the landscape of the music industry.

Starting with illegal file-sharing sites such as Napster in the late 1990s, music fans began to move away from the physical recorded music format.

But it was only when Apple introduced its celebrated iPod and iTunes ecosystem in 2001 in the US that the digital music business began to become legitimate. With its copyrights in mind, the music industry initially adopted a highly aggressive stance against file sharing and the digitization of music in general.

However, it is embracing the future of music. In the US, labels are gradually eliminating the copying and sharing countermeasures, known as digital rights management, that it has been adding to recordings.

By contrast, in October last year Japan introduced draconian anti-piracy legislation threatening fines of up to ¥2 million and two years in prison for consumers knowingly downloading music without the permission of the rights holder.

Rather than prompt a rush back to legitimate purchasing, in the first quarter of this year the move resulted in a 25 percent drop in digital sales.

The fall was largely driven by declines in the rate of purchases of ringtones and songs for feature phones. Nevertheless, purchases by holders of

smartphones did show some increase.

With physical sales of ¥49 billion versus ¥10.9 billion for digital sales, Japan's music market continues to be driven by CDs. Assisted by government-enforced pricing levels, record companies have put huge efforts into defending the physical market and often bundle the CD with extras, thereby creating multiple versions of the same product. Thus, fans often buy the same product several times to complete a collection.

Despite the best efforts of the music industry here to fight progress, as well as the needs of its customers, it seems a fair bet that Japan will eventually follow the rest of the world.

But perhaps the greatest potentially disruptive threat is from a Swedish company called Spotify. Launched in 2008, the digital rights management-protected streaming service features music from huge labels including Sony Entertainment, EMI Music Publishing, Universal Music Group, and Warner Bros.

As a user of Spotify, I can endorse the transformative nature of its service. Although there are some holes in its library, I will probably never need to download a song again, let alone buy a CD. Further, in addition to providing access to a huge range of music, the service creates customized playlists based on your personal tastes. These can then be fine-tuned on a whim, so that the list presents you with only the type of music you are likely to enjoy, given the parameters.

Whether Spotify will succeed in Japan is an open question. Spotify,

**Despite the best efforts of the music industry here to fight progress, as well as the needs of its customers, it seems a fair bet that Japan will eventually follow the rest of the world.**

and services like it, are particularly well suited to smartphones and, with smartphones far from being a mature market here, there is a lot more disruption to come.

As the industry overseas has come to realize, the path to survival and prosperity comes from giving consumers what they want, rather than trying to dictate the terms of the relationship.

In the bigger picture, the opening up of the music business plays a role in the liberalization of Japan in general. Those who produce and market music here see it as a unique and fragile treasure that could be easily crushed by foreign competition. However this is far from the only way of viewing these sorts of industries.

Just as it is easy to see that there exists, for Japan's farmers, external markets for the nation's excellent farm produce, the export of music from the country as part of the wider "Cool Japan" movement should be seen as an opportunity.

Could the current music industry pull that off? As can be said regarding many hide-bound industries here, probably not—unless there is a huge change in the way they approach doing business.

However, the release of some animal spirits and competition into the mix surely benefits everyone, including those who feel they have so much to lose. •



Dominic Carter is representative director and CEO of The Carter Group.

# NEVER FEAR, SPEAK UP!

Start preparing now for impromptu speeches

By Dr. Greg Story

**T**hat often dreaded time may come when we are suddenly asked to speak without any warning. We could be pointedly asked by the senior management for our opinion at a meeting. Now every eyeball in the room is burning into us, everyone staring expectantly in our direction. Uh oh!

We may be sitting comfortably with a drink in our hand and chatting with a neighbor, when we are told one of the guests was just called away. Could we please move to the microphone right now, save the day and deliver an address at the function?

Your mind goes blank, your stomach churns, your palms start sweating, your legs feel heavy—none of this is fun!

Impromptu speeches for most of us are infinitely harder to make than prepared oral presentations. We panic if we lack time to prepare and are suddenly forced to think on our feet.

If we wish to avoid embarrassing ourselves, we should prepare for these situations now. They will happen!

People probably won't remember what you spoke about, but they will remember you one way or another! Here are some ideas on how we can make that memory a positive one.

## 1. Condition yourself mentally to speak impromptu on all occasions

If you're in a meeting, keep asking yourself what you would say if you were called upon at that specific moment. Have some possible (and pertinent) questions ready. There are also simple techniques or frames we can deploy, when we want to make a salient point.

An easy one is time: past, present, future. For example, this is where we used to be, this is where we are now, and this is where we need to go. Also, applying a macro/micro focus can help. For example, talk about the overall direction—the big picture—and then go into more specific details.

## 2. Give an example immediately

There are three reasons this works like a charm.

1) You will free yourself at once of the need to think hard about your next sentence, because your own experiences are easily recounted even in impromptu situations. Since only you know what happened, the audience can't easily challenge what you say. This increases your confidence.

2) You will gain the audience's attention straight away.

3) You will give yourself a chance to warm up to the subject.

In your impromptu example, try to draw in people, places, and situations that will be known to the audience. Have lots of color and action!

This approach allows us to invite people into our story very quickly and easily. We have all grown up listening to bedtime stories, so storytelling itself is a long established and effective communication tool.

**You must keep your ideas logically grouped around a central thought, which is the key point that you're trying to get across.**

## 3. Speak with animation and force

I hope this is not news to you, but your body and mind are interconnected! If you speak with energy, your external animation will then have a beneficial effect on your internal "speaking" thought processes.

It also projects enthusiasm to the listeners, which makes your speech a lot more interesting. We all know that enthusiasm is catching!

## 4. Don't talk impromptu; give an impromptu talk

It is not enough just to ramble on and string together a number of unconnected events or points. You must keep your ideas logically grouped around a central thought, which is the key point that you're trying to get across.

Your examples should support the central idea. And it's best not to have too many points in a short speech; keep it simple.

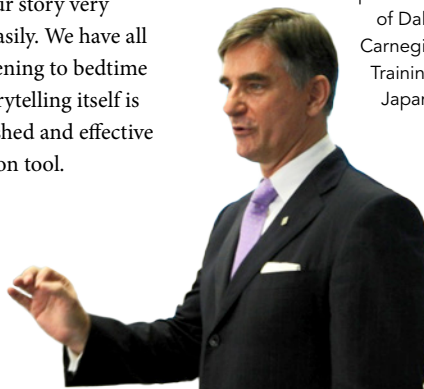
It is a sad comment on humanity and our lack of progress as a species, but these very straightforward elements will help to make you a public speaking giant among the assembled crowd! This is because just about everyone dreads being suddenly put on the spot to speak.

All of those sitting around you are mentally relieved it isn't them who has to get up and speak without warning.

Alternatively, those who can handle impromptu speaking situations smoothly and competently will always impress and be remembered.

So start today—decide to apply these ideas and impress! •

Dr. Greg Story is president of Dale Carnegie Training Japan.





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developed efficient, reliable service and reservation systems.

Sakura Hotel offers daily and weekly stays and is a great alternative for professionals on short business trips. The company's four hotels and hostels are conveniently located in Ikebukuro, Hatagaya, Jimbocho, and Asakusa.

This enables professionals to be close to their work/meeting places and to more easily adjust to life in Japan.

Business Garden launched its business in 1995, with 24 small offices in Shimbashi for use by businesspeople.

Since then, the company has spread to five additional central Tokyo locations, including Shinjuku.

Business Garden has expanded

its target to now include overseas customers. "We provide all services in English, using bilingual staff who are on-site," said staffer Miki Kimura.

The company's expanded services include setting up social and business gatherings for entrepreneurs who have just started their own business to facilitate connections with other tenants who are in the same line of business.

"We also assist clients to find reliable lawyers and tax accountants, who can help them through the steps necessary to start a business," Kimura added. •

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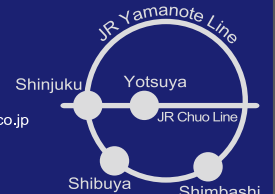
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# REFORM, REVISE, RESTRUCTURE

Abe must act or the real estate market will stall

By Seth Sulkin

## Acknowledgment

With the help of Jim Fink and the outstanding team at Colliers International, the ACCJ recently concluded new agreements for the offices we are leasing in Tokyo and the Kansai region. Collier International's knowledge of the market, skill in negotiating, and understanding of the needs and future direction of the chamber were all important factors in reaching agreements that should benefit all of us in the chamber. The ACCJ would like to thank Jim and his team.

According to a recent report from broker Jones Lang LaSalle (JLL) as covered by Bloomberg, Abenomics “has helped boost property transactions in Japan.” Japanese real estate investment trusts (J-REITs) in particular are expected to account for more than 70 percent of transactions in Japan, the news agency reported.

But a closer look at the data shows a somewhat different story. Acquisitions in the first half of 2013 by two newly listed J-REITs—GLP J-REIT and Nippon Prologis Reit, Inc.—represent about ¥500bn worth of assets. Both these listings had been in the works before Abenomics, so if you exclude their combined acquisitions, the growth rate is not so exciting.

Moreover, contrary to widespread Japanese and international media reports about a flurry of international investments in Japanese property, JLL noted in its report that “99% of all Japanese transactions remain domestic.”

That is not to say that the potentially record amount—projected at ¥900bn according to Deutsche Bank—of capital to be raised by J-REITs in 2013 is insignificant. But the real question is whether they can spend all of that money and, if so, are there enough institutional-grade assets to buy?

Prime Minister Shinzo Abe’s vaunted third arrow of structural reform has not yet left its quiver, so significant measures are sorely needed for long-term growth. To help expand liquidity in the real estate market, here are three changes that Abe should consider.

### 1. Reform of the inheritance law

Unlike the United States, where one can freely give away all assets to family, friends or charity, Japanese law guarantees spouses and children a share of the deceased’s assets.

While cash and securities can be easily shared, dividing land and buildings among family members is complex. The inheritance law further divides properties into tiny slices, so assembling large development sites becomes increasingly difficult over time. Allowing flexibility in how inherited assets are allocated could relieve this problem.

### 2. Revision of the Act on Land and Building Leases

Compared with other major global cities, Tokyo remains plagued by dilapidated and pencil buildings.

The main obstacle to redevelopment of old buildings and

the consolidation of small buildings into larger development sites is the difficulty in evicting tenants. Building leases created under this law effectively allow the tenant the right to stay in perpetuity.

Although a fixed-term lease law was introduced in 2001 to offer landlords more control over their properties, most landlords of smaller and older buildings continue to use traditional leases. So potential buyers looking to assemble multiple properties for a large redevelopment face great uncertainty regarding the time needed, and the cost of negotiating, to remove tenants.

Creating a legal mechanism allowing landlords to evict tenants by paying fair compensation would open vast chunks of Tokyo to redevelopment.

### 3. Restructuring or elimination of the Urban Renaissance Agency

Established by the government in 1955 to develop public housing at a time of great shortage, the agency is now a massive, multi-use developer. Not only does it take on projects too large and complicated for the private sector, it also competes with, and often interferes in, the commercial property market.

The agency’s income-producing properties should be sold off at auction. This would add a considerable supply of high-quality residential properties for REITs to gobble up, while lowering government debt.

The agency is also a major lessor of land, especially fixed-term ground leases to regional shopping centers. Selling this land at market prices would revamp assets that are now stuck in limbo because of the agency’s intransigence; resulting in many large-scale, institutional-grade properties.

Without these changes, REITs will not be able to use the money they raise in 2013 without dramatically lowering asset quality. This would cause the overall real estate market to stall from a lack of stock to trade. •

The opinions expressed in this article belong to the writer and do not necessarily represent those of the ACCJ.



Seth Sulkin is president and CEO of Pacifica Capital K.K.



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# 2013 TOKYO WALKATHON AND TAC GREAT AMERICAN BLOCK PARTY

SEPTEMBER 21,  
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Join us for fun, exercise, and family  
pleasure in the name of a great cause!

Since 2009, the ACCJ has successfully organized an annual walkathon in Tokyo to expand support for our community organizations. Participants in this family-focused event will loop around Shiba Park and end their walk at the Tokyo American Club, where they can enjoy a barbeque and other activities at the Great American Block Party.

The net proceeds from the event will go directly to ACCJ Community Service Advisory Council-approved charities.

Ticket prices:

Adults, ¥5,500 (¥6,500 at the door); children, ¥3,000 (¥4,000 at the door)

For more details:

[www.accjtokyowalkathon.org](http://www.accjtokyowalkathon.org)

To register: [gohyama@accj.or.jp](mailto:gohyama@accj.or.jp)







1 ———  
Professor Edward Yagi addresses the ACCJ Women in Business (Chubu) Committee on the topic, "Professional Women and Uncomfortable Men: Insights on 10,000 Companies from Someone Who Has Seen It All" on July 9.

2 ———  
ACCJ Living in Chubu Committee's annual networking event at a Nagoya beer garden on August 1.

3 ———  
ACCJ member Lindsey Bridges emcees the ACCJ Kansai External Affairs Committee event, "Hosting Successful Internships" on July 12.

4 ———  
ACCJ members in front of the tsunami protection wall at the ACCJ Mobility Manufacturing Committee's tour of the Hamaoka Nuclear Power Plant on July 11.

5 ———  
ACCJ members and speakers at the ACCJ Kansai External Affairs Committee presentation on "Hosting Successful Internships" on July 12.

6 ———  
ACCJ President Larry Bates shares chamber updates with Kansai Executive Committee members at a monthly meeting on June 21.

7 ———  
At the "Summer Nomu-nication: California Style" gathering on July 26 are (from left) ACCJ Executive Director Sam Kidder; Senior Director, General Affairs Division Bureau of Sports, Tokyo Metropolitan Government Masao Nakayama; and Vice Chair, ACCJ Tokyo 2020 Olympics Task Force and Membership Expansion Subcommittee Chair David Wouters.

8 ———  
Attending the July 24 ACCJ Tokyo 2020 Olympics Task Force co-hosted event, "What Will the Tokyo 2020 Olympic and Paralympic Games Bring to Japan?" are (from left) BCCJ Executive Committee Member Graham Davis, ACCJ President Larry Bates, ANZCCJ Chairwoman Melanie Brock, and Toyota Motors Honorary Chairman Fujio Cho.

9 ———  
Rakuten Inc. Vice Executive Director and Executive Officer James Chen addresses ACCJ members and guests on the topic of a "Conversation with Rakuten's James Chen, Serial Entrepreneur" on June 19.



PAUL DISERIO







PAUL DISERIO



## FALL EVENTS

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

### September 6

ACCJ Journal Relaunch Party,  
Tokyo American Club

### September 10

"Transforming the Way the World Works  
with Social Media"

### September 21

Tokyo Walkathon and Tokyo American Club  
Great American Block Party (see page 51)

### October 4

Mercedes-Benz Japan Cup 2013

### October 16

Fall Meet and Greet, Conrad Tokyo

Check [accj.or.jp](http://accj.or.jp) for more details.

### Social Media

The ACCJ is getting more social! Please visit our social media pages to access exclusive event images, videos, notices, and more. Show your support and don't forget to Like and Share!

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[www.twitter.com/AmChamJapan](https://www.twitter.com/AmChamJapan)

[www.youtube.com/user/AmChamJapan](https://www.youtube.com/user/AmChamJapan)

### Want to list your event?

If you have an event you would like to post on the Community Events page, please send an email to the ACCJ Communications Department. Include the details—time, date, venue, prices, contact information—and a brief description, totaling no more than 100 words. Please note that the posting of this information will be at the discretion of the ACCJ Marketing & Communications Department. Contact: [comms@accj.or.jp](mailto:comms@accj.or.jp)



Recent policy discussions by Prime Minister Shinzo Abe and other Japanese officials have included proposals that reiterate points made in the ACCJ Growth Strategy Task Force's 2010 white paper, *Charting a New Course for Growth—Recommendations for Japan's Leaders*.

The ACCJ is proud to be a thought-leading contributor to current policy discussions on how best to spur Japanese economic growth, and we reprint the core findings of that seminal and still vitally relevant white paper below.

# CHARTING A NEW COURSE FOR GROWTH

Recommendations for Japan's Leaders

# 成長に向けた新たな 航路への舵取り

日本の指導者への提言

## PREMISE

Successful economic growth policy is based on a vision of the future grounded in analysis, not wishful thinking. It requires strong political leadership to articulate that vision.

## CORE ANALYSIS

An independent economic analysis commissioned by the American Chamber of Commerce in Japan (ACCJ) shows that Japan faces the following challenges:

- Japan has lost millions of jobs as more and more manufacturing moved offshore, mainly from companies established before 1996. Manufacturing now accounts for only 20 percent of GDP. Services now account for fully 80 percent of Japan's economy.
- With a shrinking workforce, and capital that is already abundant, raising productivity is the key to Japan's future economic growth.
- Japan's labor productivity is less than 60 percent of the U.S. level, and is no longer catching up to the latter. In services, labor productivity is even lower, at less than half the U.S. level.

These weaknesses are holding down growth in overall productivity.

- Lagging investment in information and communications technology (ICT) in many industries has been a major reason for sluggish productivity growth. The ICT and internet revolutions did not boost productivity in Japan as much as they did in the United States.
- Japan's low rate of economic "metabolism," or resource reallocation, is a structural problem that has held back productivity growth for decades.
- To allocate resources to their best uses, Japan needs to attract more new entrants to industries. It also needs poor performers to exit noncore businesses and invest more in core businesses where they are competitive.

## SIGNS THAT CHANGE IS UNDER WAY

Japan's economy, however, still has great potential. The nation has a rich, potent technology base that should help drive significant gains in productivity and economic growth. Fully utilizing this technology base by accelerating

## 概要

### はじめに

成功する経済成長政策は、分析に裏打ちされた将来ビジョンに基づくもので、単なる希望的観測で成し遂げられるものではない。そのビジョンを明快に語る、強い政治的リーダーシップが必要である。

### 核心的分析

在日米国商工会議所（ACCJ）が委託した独自の経済調査によれば、日本は以下のような課題を抱えている。

- 1996年以前に設立された多くの企業を中心に、製造業が次第に海外に移転したことで、数百万の雇用機会が失われた。今や、製造業はGDPの20%を占めるに過ぎない。サービス業が日本経済の80%も占めるに至った。
- 労働市場の縮小と、すでに潤沢な資本を抱えているという現状を考えると、今後の日本の経済成長には生産性の向上が急務である。
- 日本の労働生産性は、米国水準の60%弱であり、すでにキャッチアップする過程が止まった。サービス業においては、労働生産性はさらに低く、米国の半分にも届かない。これらの弱みが全要素生産性の成長を抑えている。
- 多くの産業において、他国と比べ情報通信技術（ICT）向けの投資が遅れたことが低迷する生産性向上の主たる原因であった。ICT及びインターネット革命は、日本では米国にみられたような生産性向上を起こさなかった。
- 日本の低調な経済的「新陳代謝」、つまり資源再配分が、長年にわたる生産性の低成長率のもう一つの原因である。
- 資源を最適に配分するためには、日本は産業により多くの参入者を積極的に迎え入れなければならない。さらに、弱体化している事業者には非主力事業から撤退させ、競争力のある中核事業に投資をすすめるべきである。

### 起こりつつある変化の兆し

しかし、日本経済にはまだ大きな潜在力が残っている。日本には生産性と経済成長率を大きく伸ばすことのできる有力な技術基盤があ



**With a shrinking workforce, and capital that is already abundant, raising productivity is the key to Japan's future economic growth.**

“spillovers” and dispersion of know-how, both domestically and from abroad, is the key to Japan's future growth. In fact, the economic analysis the ACCJ received revealed that Japan might already be reinventing itself based on the contributions of newcomers to its economy:

- Foreign-held companies in Japan have the highest average productivity, and very high job creation rates. Based on firm-level data, they increased their employment from 249,000 to 405,000 persons between 1996 and 2006. That all of this net job growth took place through greenfield market entry or simple business expansion, rather than mergers and acquisitions (M&A), points to significant additional potential if foreign firms can gain better access to M&A markets.
- Domestic entrepreneurship and “intrapreneurship”—operating in an entrepreneurial fashion within a large organization—made even larger contributions to growth and job creation in the same period.
- Companies established after 1996 had created about 1.2 million new net jobs as of 2006.
- Younger Japanese companies have recently had higher job creation rates, and higher survival rates, than older ones. Young, internationalized and R&D-intensive small companies exhibit higher levels of productivity and productivity growth than other newly established firms.
- About 5 percent of the high-tech firms incorporated between 2004 and 2008 booked annual revenues of over 500 million yen by 2008. Since the average firm in this group had only been around a little over two years, this suggests that the time needed for ventures to succeed is shortening.
- Foreign companies and newly established firms were the only two groups that consistently increased employment on a net basis between 1996 and 2006. In contrast, both large independent companies and companies established before 1996 employed several million fewer people in 2006 than they did in 1996.
- There are signs that the broad-based legal and regulatory reforms of the past fifteen years had a positive impact on entrepreneurship and the growth of foreign direct investment (FDI).

る。この技術基盤を最大限に活用し、「スピルオーバー」効果（波及効果）を推進し、外国からのものも含めてノウハウを広めることが、日本の発展のカギである。事実、ACCJが委託した分析によると、新規参入企業の貢献によって、すでに日本経済に「改革」が起りつつあるかもしれないというのである。

- 日本の外資系企業は平均値で最も高い生産性と高い雇用創出比率を示している。企業レベルデータを使って計算すると、1996年から2006年にかけて、雇用を25万人から41万人に増加させた。この雇用純増のほとんどはM&Aによるものというより、単に事業拡張によるものか、グリーンフィールド市場参入によるものである。従って外国企業がM&Aの市場によりアクセス出来るなら、かなりの追加的投資が見込めるということである。
- 国内の起業家あるいは「イントレプレナー（企業内起業）」は、同期間において経済成長と雇用創出にさらに大きな貢献をした。1996年以降に設立した企業は2006年までに、約120万人の雇用の純増を生み出した。
- 最近、若い日本の企業は古手企業よりもより高い雇用創出率、高い残存率を持ち始めた。若く、R&Dや国際化に積極的な小規模企業の生産性は高く、その他の新しい企業よりも高い生産性水準と生産性上昇を示している。
- 2004年から2008年に設立されたハイテク企業のおよそ5%が、2008年までに5億円の年間売上を達成している。このグループの平均的企業年齢は2年を若干上回る程度であることから、ベンチャー企業が成功するのに必要な時間が短くなっていることが分かる。
- 1996年から2006年にかけて、外国企業と新たに設立された企業、この二つのグループだけが雇用をネットベースで増加させた。これに対して、2006年現在、独立系の大企業と1996年以前に設立された企業の雇用者数はそれぞれ1996年と比べて数百万ほど減少した。
- これまでの15年間に起こった多岐にわたる法的、規制的改革は、起業家と対日直接投資（FDI）に好ましい影響を及ぼし始めているという兆しがある。



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## SUGGESTED GROWTH STRATEGY

### CORE THEMES

To be persuasive and effective, Japan's growth strategy should reflect the reality that young firms and FDI are now driving job growth. The formulation and implementation of strategy needs to be led by the prime minister and a united Cabinet, not a single ministry, and should focus on the following core themes:

1. New entrants and entrepreneurs—Facilitate the entry of new participants in Japan's economy, and by M&A as well. Not only startups, but also many cases of spin-offs and intrapreneurship, and incoming FDI, are often "new entrants" to markets here.
2. Technology spillovers and the introduction of new, "disruptive" technologies and business models.
3. "Inward globalization"—Accelerate the benefits of inward globalization through FDI, corporate governance improvement, education, and immigration policies.
4. Market-based policies that make markets more attractive for investment, while avoiding the urge to pick winners or provide indiscriminate support that distorts competition.
5. Tax policies that provide incentives for startups and new market entrants (including FDI), long-term productive investment, and technology spillovers.
6. Regulatory transparency—By increasing fairness, lowering costs and making the regulatory environment and markets more accessible and "user-friendly," Japan can attract new entrants and more investment.
7. "Open convergence" in the Internet Economy through

deregulation and the convergence of telecommunications and broadcasting. Avoid the "Galapagos syndrome."

8. Services productivity enhancement—Deregulate, and remove obstacles to using ICT (including the internet) to increase efficiency.
9. Labor market mobility and immigration—Fortify the safety net so that workers can retrain themselves, while allowing for fairer and more flexible hiring and dismissals. Make it easier for new entrants to hire the staff they need to grow.

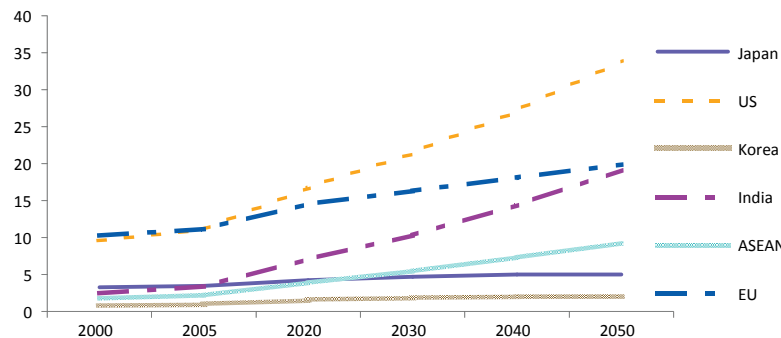
### THE OPPORTUNITY

The ACCJ is confident that, with the right policies, Japan can become:

- A more vibrant center for entrepreneurship, innovation and finance in Asia.
- A nation with the higher rates of growth in GDP per capita that it needs to cope with its demographic and fiscal challenges.
- A fast-moving economy that creates many more exciting job opportunities for its young people.
- A market that attracts immigrants who invest in Japan and add to the nation's skilled workforce, tax base, vitality and competitiveness.

Projected GDP (\$US Trillions)  
(PPP Basis, Constant 2000 \$US Trillions)

Figure 1



Source: Japan Center for Economic Research (JCER), World Economic and Population Outlook 2006-2050; details in Demographic Change and the Asian Economy, March 2007.

### 成長戦略への提言-核心テーマ

説得力のある、効果的な日本の成長戦略の策定に、今や若い企業と外国企業の対日直接投資が成長のカギだという現実を反映すべきであろう。戦略は、単一省庁の指導によるのではなく、総理大臣及び連帯する内閣によって率先されるべきで、下記の核心テーマに焦点を当てる必要がある。

1. 新規参入者と起業家 - M&Aを含めて、日本経済への新規参入者によって活性化を図る。新規立上げ企業だけではなく、スピノフによるもの、「イントレプレナー」、外資系企業などが日本市場への新規参入者である
2. 技術的スピルオーバーと「突破的な技術革新」、新しいビジネスモデル
3. 「内向きのグローバリゼーション」の利点をFDI、コーポレートガバナンスの改善、教育、移民政策によって加速させる
4. 市場ベースの政策 - 恣意的な勝者の選定と適正な競争を歪めかねない無条件のサポート（支援）を回避し、投資家にとって魅力的な市場にする
5. インセンティブを伴う税制体系によって、新規参入者（FDIを含む）、生産性が高い長期的な投資、技術スピルオーバーを促進する
6. 規制上の透明性 - 公正さを増し、コストを下げ、規制環境と市場をもっと参入し易くユーザーフレンドリーにすることで、日本は新しい参入者と新規投資を呼び込める
7. インターネット・エコノミーでの「オープン・コンバージェンス」を、規制緩和と通信と放送の融合を介して展開。「ガラパゴス症候群」を回避する
8. サービス分野の生産性向上 - 効率性向上のために、ICT(インターネットを含む)の活用に対する規制と障害の撤廃
9. 労働市場の活性化と移民政策 - 労働者が再訓練できる余裕をもてるよう、セーフティネットを強化し、公正で柔軟な採用と雇用調整の自由度を高める。新規参入者が成長するために必要なスタッフの採用を容易にする

### 明るい未来へ

ACCJは、適正な政策によって日本には以下の可能性があると確信している。

- アジア圏において、アントレプレナー、イノベーション、金融面の躍進するセンターとなる
- 1人当たりGDPがより高く、人口動態的、金融的な諸問題に対処できる力を備えた国づくり
- 日本の若者にとって、多くのエキサイティングな雇用機会を創出する、動きの速い国づくり
- 日本への投資、熟練労働力、税、活力といった面で貢献してくれる移民に魅力的な市場



# HOW THE ACCJ HAS CHANGED OVER THE PAST FIVE YEARS



Samuel Kidder

**T**he Lehman shock hit us five years ago this month. Then, 2½ years ago, the tragic events in Tohoku gave us another blow. What impact have these events had on the ACCJ?

At a low point in early 2012, member headcount was almost 18 percent below the high point in 2008. Over the past year or so, we have seen a steady increase and now the loss is around 15 percent.

Looking at the ACCJ's four membership categories one at a time gives a nuanced view. Our top category, Corporate Sustaining Membership, had 42 members before the Lehman shock. Now we have 53. We are excited by the growth in this membership grouping and the strong positive impact it has.

Our biggest loss was in the Company Membership category, down 35 percent since 2008. Although the decline has leveled off, we are working hard to find ways to rebuild the grouping.

Individual Membership figures rose steadily after the Lehman shock, and at one point in 2010 accounted for 10 percent more than in the same period of 2008. However, since the effects of the 2011 Tohoku triple disaster were absorbed, both the Individual and Non-Resident Membership categories have remained steady.

The decrease in revenue from dues has meant that we've had to work hard to find efficiencies that reduce costs to ensure the ACCJ remains financially robust.

**We're a little leaner; but we're just as strong and are working hard to get stronger.**

We are holding just as many events as five years ago and have found that event quality, based on survey results, has improved.

In the area of communications, we are in a totally new world: revamped website, strong social network site presence, and eager exploration of new tools and media.

With Japan's accession to the Trans-Pacific Partnership agreement, the chamber's External Affairs Department is as busy as ever. When we look at past activity levels, we also see just how much we have accomplished and contributed over the years.

So we're a little smaller; but we're working hard to bulk up. And we're a little leaner; but we're just as strong and are working hard to get stronger. •



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