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# GAMES MUST GO ON



Christopher Bryan Jones  
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As September arrives, I'm reminded of just how much the coronavirus pandemic has changed our lives. You might expect I'd be long past such thoughts, given that I have worked from my home studio for all but three days since March 25 and I've eaten out a mere, let's see, four times. But there is something that happens at the start of each September that is, for me, the most anticipated time of year: the kickoff of college football season.

This year, that won't be happening. For such an American pastime to be put on hold highlights just how serious the situation is and why—no matter how much we would like to—returning to normal life is not yet in the playbook.

## CALL AN AUDIBLE

To say that there will be no college football season is not entirely accurate. The Big Ten and Pac-12 Conferences have postponed their seasons, while the Big 12, Atlantic Coast

Conference, and Southeastern Conference (of which my alma mater, the University of Alabama, is a member) are forging ahead with an unusual solution: a shortened season with games played against conference members only.

The season we may get—provided Covid-19 clusters don't sideline entire teams—is driven more by business than sportsmanship. Once a regional sport, college football has become a national one and garners incredible revenue for universities and television networks.

## FINANCIAL TOLL

As athletic directors and university presidents debated in recent months whether or not to play, Patrick Rishe, director of the sports business program at Washington University in St. Louis, MO, put a number to the risk. He estimated that the 65 schools belonging to the aforementioned conferences (known as the Power Five) would collectively lose more than \$4 billion in revenue if the season were not played.

This made outright cancellation almost unthinkable, as the financial loss could wreck not only the athletic departments of universities, but impact academics as well. At many schools, such as my alma mater, the money generated by sports teams (\$164 million by the Alabama Crimson Tide in 2019) funds all sorts of programs and benefits.

## PUNT TO 2021

Nevertheless, with no unifying governing body for college football, two of the biggest conferences chose to postpone and take the financial risk. They hope to play in spring, but whether that is possible is uncertain. And there can be no real national champion this season regardless.

This brought me back to the Tokyo 2020 Olympic and Paralympic Games, and the financial impact of the pandemic—in a sports context—on the city most of us call home. I remember the frantic, frustrating, and time-consuming process of trying to get tickets, the feeling of victory when, after multiple lotteries, I finally landed a pair to women's judo. But all the effort was for naught.

Will we see Olympic and Paralympic athletes compete next summer in the venues that Tokyo spent so much money to prepare? Will players from Ohio State, Michigan, and the University of Southern California take to the gridiron next spring? Honestly, I'm skeptical. But I hope so. Not only because, as a sports fan, I miss the competition, but because—for businesses—what is mere entertainment for some is critical to survival. ■

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# Essential to Business



PRESIDENT

By Peter Fitzgerald  
ACCJ President

**W**hen I'm asked by prospective members whether now is the right time to join the American Chamber of Commerce in Japan (ACCJ), there's an easy answer. In the current environment, every expense is being scrutinized to focus on those things that are essential to business. I tell them that if timely access to credible information, peer-to-peer networking, professional development, and the ability to exert influence over issues that affect your bottom line are important to you, then ACCJ membership is a very cost-effective investment.

The chamber has been conducting regular member surveys throughout the coronavirus pandemic to gauge the impact on business and solicit feedback on member needs. The desire for the ACCJ to act as a central resource for information sharing and networking has been expressed and appreciated by our members.

## QUICK TO ACT

The value of ACCJ membership was demonstrated early in the Covid-19 crisis, when human resources and continuity planning specialists used the chamber as a focal point to create a virtual crisis response network among member companies. Importantly, participation in these regular conference calls was extended to subject matter experts within each company, even if the individuals involved weren't designated ACCJ members.

The value of this type of peer network in a time of crisis can't be overstated. By joining forces, our extended membership benefited from unparalleled access to cross-industry resources and expertise that was simply unavailable anywhere else.

The SME CEO Advisory Council, formed initially with the intent of playing an advisory role for the board of governors, took the initiative to offer a much-needed platform for information exchange among small and medium-sized enterprise members. Their regular series of virtual roundtable meetings were vital in the early stages of the crisis, when information was scarce and often contradictory. By sourcing credible information, giving guidance, and providing a forum for peer connection, the council created a unique resource for members that could only have come from an organization such as the ACCJ.

Across the chamber's various committees, members responded to the crisis by augmenting their regularly planned activities to create a whole new slate of virtual events, offering unique perspectives on their respective areas of interest in a Covid-19 context. From health and welfare to legal issues, taxation, office planning, and economic stimulus, committee leaders delivered useful and relevant information when it was needed most.

The Legal Services & IP Committee and the Taxation Committee have played pivotal roles in lobbying the Japanese government on issues essential to the nation's economic recovery and our members' business prospects.

ACCJ Chairman Christopher J. LaFleur, in particular, has taken a lead role in addressing the travel entry ban, keeping that issue front and center in the media and presenting our position in direct talks with key government representatives.

And when a state of emergency was declared on April 7, we opened our webinars to the broader community, giving concerned school parents and others direct access to representatives from the Embassy of the United States, Tokyo, health experts, and government.

## KEEP GOING

Through it all, we've never lost sight of our longer-term objectives to improve the business environment in Japan and act as a positive influence in Japanese society. Despite the odds, the ACCJ's Chubu chapter organized a highly successful virtual edition of its annual Walkathon. And our recently launched New Digital Agenda White Paper Task Force is making significant progress on the important work of modernizing Japan's business and healthcare environment. Development of other important white papers and annual events that support our advocacy pillars also continues uninterrupted.

In many ways, the ACCJ is more vital and vibrant than ever. To date, we've hosted more events involving more members than during the comparable period of "normal operations" last year. And in the coming months, we can look forward to new virtual meeting formats that will deliver a better experience for participants, new ways of connecting and interacting with fellow members, and a solid plan for transitioning to hybrid events when it is safe to do so.

Born out of the necessity of adapting to Covid-19, the resources of the chamber are now more easily accessible to more members, and everyone is benefiting from the combined efforts and programs of our three chapters.

None of this would have been possible without the energy and commitment of our members. And we're very encouraged to have welcomed new members throughout the crisis—many of whom were attracted by the ACCJ's agile coronavirus response and the tremendous value delivered during these difficult times.

We can all be proud of the way we've responded as an international business community to what we hope will be a once-in-a-lifetime challenge. Through our combined efforts, the ACCJ has become an even stronger, more agile, and more vital organization—one that should be considered essential to your business. ■

**Through our combined efforts, the ACCJ has become  
an even stronger, more agile, and more vital organization.**



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**Dale Carnegie**



# Coffee & Conversation: How to Nurture Female Employees, with Kathy Matsui

By Megan Casson

The American Chamber of Commerce in Japan (ACCJ) has long been dedicated to promoting the advancement of women in the workplace, and the Women in Business (WIB) Committee has encouraged progress through its white papers and numerous events, such as the Women in Business Summit, Bella Nova Nights networking sessions, and luncheons featuring guest speakers who inspire by sharing their experiences and advice.

The latest such event took place on August 20 when Goldman Sachs Japan Vice Chair Kathy Matsui spoke at a WIB Coffee & Conversation webinar. Matsui, who is also co-head of macro research in Asia and chief Japan equity strategist at Goldman Sachs, talked about her new book, *How to Nurture Female Employees*. The discussion, which was moderated by news presenter Yuka Sato, focused on what has changed since Matsui wrote her groundbreaking report entitled “Womenomics” in 1999 and covered topics such as unconscious bias and changes companies can make to better foster gender diversity.

## NEWLY PUBLISHED

Matsui began by discussing how to ensure that female employees are being nurtured in their roles to improve their career progression. Having built a long and successful career for herself, she has worked tirelessly to advocate gender equality and workplace opportunities for women.

“What I was struck by was, even if we had the most perfect external environment or infrastructure for women to thrive in Japan, there is still a struggle inside organizations. How are women’s careers managed? What kind of mentorship or sponsorship are they being provided? That kind of guidance is an area that, frankly, the government has very little capability of intervening in with policy measures,” she said. “So, I really wanted to share some tips, lessons learned, and mistakes I’ve made working in a pretty male-dominated industry in Japan for 30 years.”

She also highlighted the importance of diversity and inclusion regarding women in business, as well as other minority groups, and how it benefits companies in terms of business growth.

“Of course, diversity is not just defined as women. We have the LGBTQ+ community, we have foreigners in Japan, we have persons with disabilities. It’s a very broad range,” she said. “But, to me, we have seen enough evidence, or empirical studies, globally—and we’ve done work here in Japan—to prove empirically that more diverse management and more

diverse leadership is positively correlated with higher returns on equity. For example, profitability, higher revenue growth, and better stock performance.”

It has been argued that Japan’s male-dominated environment has worked. The country did very well with such a labor force in the years following World War II. However, as Matsui pointed out, not all good things last forever, and not all models have that longevity. “If you’re in a rocket ship and you’re blasting away at a 45-degree angle, of course that is the right model. Continue to do what you have been doing, because that rocket ship is going up,” she said. “But what if that rocket ship starts to plateau and go south?” she asked, noting that the aging population is predicted to cause Japan’s workforce to shrink by a massive 40 percent by 2055.

“If that rocket ship is now plateauing and going south, you cannot continue to do the things you were doing yesterday, or even today, and expect that you’re going to grow tomorrow without some new ideas. And where does that injection of creativity and innovation come from? In most cases, I think it comes from people with different backgrounds.”



## TWO DECADES OF PROGRESS?

What has Matsui seen in terms of changes since the publication of “Womenomics” in 1999?

“As many of you are aware, over 20 years ago, Japan’s female labor participation rate—the percentage of Japanese women who were working outside the home—was about 56 percent. Fast forward to 2019, and the latest data show that it has risen to about 71–72 percent,” she said. “It has really skyrocketed, particularly in the past six or seven years and, in fact, surpasses the same rate in the United States, where I come from, of 66 percent and the average for Europe, which stands at 63 percent. So, since 2013, in fact, about 3.3 million jobs for Japanese women have been created.”

She then talked about the issue of transparency regarding the Act on Promotion of Women’s Participation and Advancement in the Workplace, which took effect in 2016. The law states that if you have an organization—public or private—with more than 300 employees, you are obligated to disclose some gender-related statistics and are encouraged to set gender-diversity targets and goals.

“Now, of course, as an analyst and a person outside trying to assess industries and companies, it has been a challenge, because the data provided by companies is not standard—so companies can disclose whatever gender statistics they like—and there’s obviously no sort of punishment, legally, if a company refuses to disclose any data.”

However, she emphasized, parental-leave benefits have improved. Twenty years ago, they were, at best, on a par with just the Organisation for Economic Co-operation and Development standard. “Today, the level of benefits is one of the top-ranked in the developed world. Mother and father each get one year of parental leave. And in terms of the monetary compensation, they each are entitled to roughly 60 percent of their pre-leave pay.”



## STILL THE SAME

Matsui also spoke about areas where she believes there has been a lack of progress, beginning with the quality of available jobs. More than half of Japanese women working today do so in part-time rather than full-time positions.

“The main reason why Japan always comes up very low in most gender equality rankings is that the leadership representation of Japanese females is still very low.” Still only about 13 percent of women are in managerial positions, and a mere five percent sit on boards. The government set a goal of increasing the number of women in leadership positions to at least 30 percent by 2020, but, recently, quietly abandoned it. The new target is 2030.

## BUILD YOUR FUTURE

Sato asked Matsui whether she had advice for professional women who feel they are struggling with their own career progression.

“Don’t strive for perfection, or you will just simply drive yourself crazy,” she said, also pointing out that “it’s not about self-promotion, it’s about awareness and building, and educating your colleagues about who you are.”

She also shared some bad advice that she once had been given: If you keep your head down and work hard, you will go far.

“Terrible, terrible advice. Not the work hard part, because you obviously need to be excellent at whatever you do, but the keeping the head down part is terrible advice,” she said.

This kind of mentality, she explained, will result in you waiting for an invisible hand to raise you from your current position to a higher one. “In most organizations, it does not happen that way, does it? Obviously, be excellent at what you do, but always keep the antenna up. Talk to people, figure out where you are positioned in a team or an organization, and ask yourself what may lie out there. What are the next opportunities for you?” ■

**It’s not about self-promotion, it’s about awareness and building,  
and educating your colleagues about who you are.**



# Studies in Inactivism

A review of the 2020 AGM season

By Megan Casson

The American Chamber of Commerce in Japan (ACCJ) Alternative Investment Committee (AIC) hosted a virtual event on July 13 focused on shareholder activism. Nicholas Smith, Japan equity strategist at CLSA, the securities broker dealer handling corporate finance and capital markets, presented a session entitled Studies in Inactivism. He summarized what happened—and, more importantly, what didn’t—during this year’s annual general meeting (AGM) season.

## BELOW BOOK

Smith began with a look at the Tokyo Stock Price Index (TOPIX) and why more than half of listed companies have been trading below book value for decades.

“What is more interesting is whether they deserve to be trading below book, and what can be done to turn them around,” Smith said, explaining that 13.2 percent of the S&P 500 trades below book, compared with 52.5 percent of the TOPIX. The only exchange with a greater portion of companies trading below book is the Korea Composite Stock Price Index (KOSPI), with 64.9 percent.

Why is this? Smith explained: “Not surprisingly, this is related to the large number of return-on-equity dwarfs on the TOPIX that fail to cover their cost of capital.”

Using a chart that compared the adjusted five-year-average return on equity (ROE) with the cost of equity (COE), he showed that 77 percent of S&P 500 stocks cover their COE

and 61 percent of the S&P 1500 do so. “Given that the Japanese economy is a third the size of the US, we should perhaps be comparing the S&P 1500 with the TOPIX 500, which sits at 35.5 percent, rather than focusing on the huge 2,164-member TOPIX, at just 26.7 percent.”

## OFF-BALANCE

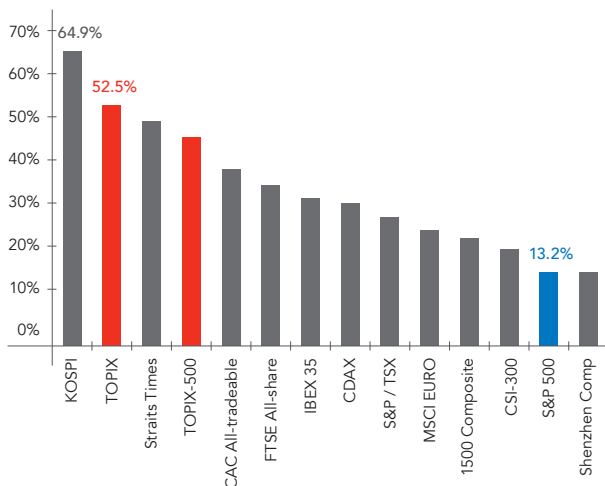
Smith shared that the cause of the low ROEs seen among Japanese companies is bloated balance sheets. “This is the reason that Japan has become the second-largest market for activists, with 75 percent more activist demands than the next largest market in the first half [of the year].”

The vast majority of these demands, he explained, relate to right-sizing the balance sheet, mostly at very small companies. This is dramatically different from activism in other markets, which focuses on transactions at large companies.

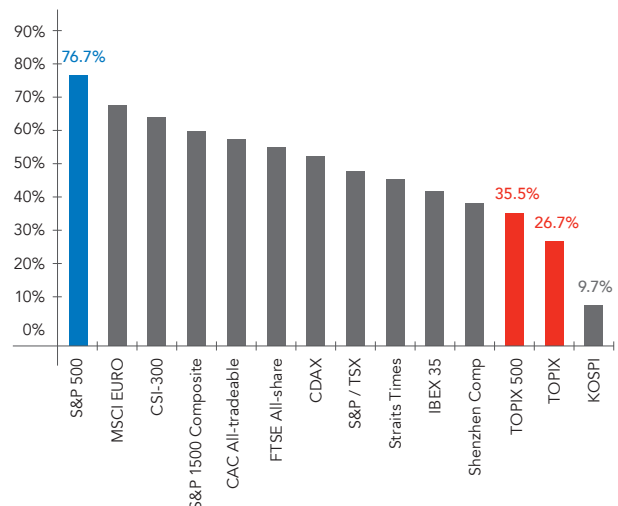
“There are two clear reasons why this makes sense. The first is that, whereas the TOPIX 100 companies generally cover their cost of capital—no worse than big companies in the rest of the world—less than a quarter of companies in the small cap index do,” he said. “When we look at balance sheets, the main reason becomes clear: balance sheets are bloated with zero-yielding cash. Almost 58 percent of TOPIX small non-financial companies are net cash.”

Smith explained that activists have been pressuring companies to return cash to shareholders, but, due to coronavirus,

## Companies trading below book



## Stocks where five-year ROE covers the cost of equity





they have had to moderate their demands, as they cannot apply that pressure this year.

The number of companies facing activist proposals is up 44 percent year over year, he said. “But that’s only 23 companies—only one in 161 listed companies. As with last year, not one of the resolutions proposed by anyone, including Strategic Capital, was passed.”

The majority of proposals required changing the articles of association, he explained, but pointed out that this is a serious problem, because doing so requires a two-thirds supermajority. Strategic Capital’s resolutions generally proposed that investee companies disclose their calculations of their weighted average cost of capital, dissolve cross shareholdings, and pay out 100 percent dividends to prevent further build-up of excess capital.

## SELF HARM

Why do investors hurt themselves by voting in line with management, rather than in line with their fiduciary duties? Smith explained that investors can use the proposals as one tool to boost the share price. He said that Strategic Capital, Inc. President and CEO Tsuyoshi Maruki told him that he was not unhappy about his proposals being rebuffed. “He reiterated this to me this week, saying that it is just one measure, and if a proposal gets 30 percent support, he is happy.”

All of Oasis Management (Japan) Ltd.’s proposals were rejected, including their proposal that Fujitec cancel treasury shares.

“Treasury shares are an enormous problem in corporate Japan. They account for more than 20 percent of shares outstanding at a number of prominent companies,” Smith said, explaining that many companies frequently say that they plan to use the outstanding shares for mergers and acquisitions (M&A).

“Oasis points out that manufacturing company Fujitec, where they make up 10 percent of shares outstanding, hasn’t used shares in M&A for more than 17 years, and yet the proposal got barely over 30 percent support,” he said. It is still often difficult to understand why investors harm themselves in this matter. “Despite the proposals not passing, Fujitec, nevertheless, has seen very strong out performance. This underlines the fact that AGM proposals are just one tool and may have a clear effect—even if they don’t pass.”

## 2020 RESULTS

During this year’s AGM season, as many as 23 CEOs got support rates below 80 percent. It was revealed that the CEO of Kansai Electric Power Co., Inc., Takashi Morimoto, received the lowest approval rating of the TOPIX 500 CEO elections, with just 59.6 percent—a significant drop from his 2019 result of 85.4 percent.

Smith also shared that 12 CEOs saw their support decline by more than 10 percentage points year over year. Morimoto’s 25.8-percent plummet led the way, followed by:

- Fukuichi Sekine, Sumitomo Osaka Cement Co., Ltd. (-25.3)
- Atsushi Ukawa, Senshu Ikeda Holdings, Inc. (-21.8)
- Katsunori Maruyama, SMC Corporation (Japan) (-18.3)
- Tadashi Shimizu, Central Glass Co., Ltd. (-18.2)
- Shoichi Tachibana, Obic Co., Ltd. (-15.9)
- Takeshi Sugiyama, Mitsubishi Electric Corporation (-15.0)
- Toru Arai, NET One Systems Co., Ltd. (-13.6)
- Atsushi Ieki, Okuma Corporation (-13.0)
- Atsuhiro Wakumoto, Nippon Kayaku Co., Ltd. (-13.0)

But the news isn’t bad for everyone. Fifty-six percent of TOPIX 500 CEOs have support rates greater than 95 percent, and 26 percent of these leaders topped 98 percent. The highest score went to Kyowa Kirin Co., Ltd. CEO Masashi Miyamoto with a whopping 99.8 percent. He was followed by:

- Kengo Sakurada, Sampo Holdings, Inc.
- Takuo Otani, TOC Co., Ltd.
- Tatsuro Kosaka, Chugai Pharmaceutical Co., Ltd.

All three received 99.7 percent.

However, Smith said that not every CEO with a high support rate deserves it, because AGMs are a very blunt instrument for handling the agency problem. “Don’t go kissing cadavers hoping one will turn into a prince. Activism doesn’t have witchcraft in its lips. Its embrace won’t turn corporate ghouls into viable investments. Most blue stocks thoroughly deserve to be cheap. Only pick those with strong cashflows,” he concluded. ■

**Don’t go kissing cadavers hoping one will turn into a prince.  
Activism doesn’t have witchcraft in its lips.**





CHUBU

## Two Decades in Nagoya

Chubu chapter leaders reflect on regional business success

By Ray Proper

**T**his year, we mark the 20th anniversary of the American Chamber of Commerce in Japan (ACCJ) Chubu chapter. Given the current circumstances of the coronavirus pandemic, however, doing so is a challenge. How do you go about celebrating community and the people who make it possible when the ability to meet in person cannot be assumed? At least we know that we can capture some of the energy of this milestone in writing, so *The ACCJ Journal* asked past leaders about their experience with the chapter, the chamber, and the path that brought us here.

The answers show that, since its origin 30 years ago as the American Business Community of Nagoya (ABCN), the group has gone through many changes. Still, some constants remain, such as the close-knit feel of the community, our focus on charitable work, and our image as an entrepreneurial organization.

### What has been your best moment with the ACCJ?

**Dennis G. Lischak**

**Pratt & Whitney Japan KK (retired)**

It would have to be when Al Mise and I, as president and vice president of the ABCN, helped develop our main events, such as the Friendship Fall Ball and the Walkathon, into the major charity programs they have become. Also helping our very young entrepreneur members at that time, some of whom have now become great success stories.

**Chris Zarodkiewicz**

**President, Cezars International K.K.**

First was in Malaysia, when I got a call from Noriko Kato, our operations manager for the Chubu chapter, telling me that we had surpassed ¥25 million in donations for the 25th Walkathon in 2016. The second was hitting 200 members in the chapter. The third was receiving the initial donations from the Walkathon for the Chubu Children's Fund.

**Britt Creamer**

**Director, F-2 operations, Lockheed Martin**

Looking back, I have so many! From US Ambassador to Japan William Hagerty coming down for our Walkathon to raising money for our 25-25 initiative, part of our 25th anniversary Walkathon event. However, that all is shadowed by one small event—a simple visit. Annually, we would go see some of the non-profit organizations that are recipients of the money we raise. One year we went to a facility and I was so touched when I realized how our money is being used to give back to our community. That really rejuvenated me to continue and keep moving forward with helping!

**Harry Hill**

**CEO, Better U, Inc.**

My best moment was during the 25th anniversary Walkathon. We had Sam from the Japanese dance pop group TRF leading a warm-up before the walk. There were hundreds of people warming up with us—many nationalities and all ages laughing and stretching together. It truly felt like we were bringing the greater Nagoya community together in unity.

**Steve Burson**

**CEO, Relo Network Asia Holdings**

I guess my fondest memories of my roles at the ACCJ involve the Walkathon. I think I led four of them before Bryce Conlan took over, when I became vice president of the chapter. I took away a great deal of meaningfulness and satisfaction from giving back to the community and seeing that we were helping people. Not just giving money to the charities but also on the day of the Walkathon. To have the charities there sharing in the event with us was hugely satisfying.

**Robert Roche**

**Executive chairman and president, Oak Lawn Marketing, Inc.**

It is extremely difficult to pick just one moment, because I have

## Learn to tolerate everyone. You don't need to be best friends with everyone, but you can be respectful.

been fortunate to have had so many memorable experiences over the years. There is one, however, that comes to mind—a planning meeting for the first Walkathon and Fourth of July celebration. I had never organized such an event, but Harry Hill and I were pretty much managing the project day to day. There were many moving parts, and I was not completely sure it was going to be pulled off successfully.

Feeling somewhat overwhelmed, I said something that must have sounded negative regarding the growing enormity of the event. I guess I was verbalizing my pessimism that what we were trying to accomplish seemed impossible. I was very young at the time, did not have deep business experience, and was starting to feel that I might not be qualified. Henry Gomez, who was the director of the FSX project for Lockheed, looked me straight in the eye and said: “Boy, there is absolutely no place for that attitude. This will work, and it will be a success, and it will be the best Fourth of July celebration that Nagoya has ever had. We will make this work!”

This was a great learning experience for me. I would never have had access to a guy like Henry if it weren't for the ABCN. He was a champion of American industry, giving me management advice. That kind of advice and mentoring is priceless, and it's a moment I'll never forget. I went on to serve as president of the ABCN, and then governor of ACCJ Chubu chapter.

### What has changed since you were a leader?

**Lischak:** The changes I have observed since the humble beginnings of the ABCN have added much more structure through our merger with the ACCJ. But with the partnership there has been some loss of control within our regional group due to the requirements of having to report upwards to Tokyo.

**Creamer:** As we improve our chapter in Nagoya, so do all the other organizations. There are now more activities and more quality groups seeking to help the community, just as our organization does.

**Hill:** When we started the Walkathon, pre-ACCJ, it was very small and almost all the participants were either members of the ABCN and their families, Nagoya International School faculty and families, and a couple of observers from Nagoya City. We



Visiting Fureai Nagoya in 2014.

had only one charity: Washinkan Children's Home. Our catering was from Kentucky Fried Chicken, as even Shooters Sports Bar & Grill had not been founded yet. Now we are an international festival, and the food, drink, and entertainment are brought to us by Nagoya entrepreneurs such as Shooters and the Aussie Sports Bar & Grill Red Rock. So much of the backbone of the Walkathon is built on Nagoya-based entrepreneurs.

**Zarodkiewicz:** It is fundamentally the same organization. New leaders in Tokyo and Nagoya continue to create an ever-changing dynamic. I believe that, for our chapter to be successful, we need a combination of different personalities and skill sets that keep the organization moving forward.

**Burson:** My role has changed significantly since I was a leader. I am now focused on “anything not Japan.” As such, I have semi-relocated to Singapore, where I joined the American Chamber of Commerce in Singapore, but I was not able to get involved as I could in the ACCJ. I found chambers in Singapore quite difficult to engage with, and, on reflection, I think we have something special in Chubu and the chamber broadly. Anyone belongs, anyone can stand up and take a role, and through that anyone can learn from those around them.

**Roche:** To answer this question, you need to go back 30 years to when the ABCN started. In 1990, the original purpose of the ABCN was to bring a bit of American culture—in particular business culture—to Nagoya. In the United States, many businesses support their local communities through charitable events. I wanted to introduce that concept to Nagoya. Now, three decades later, the membership has grown, the organization has become more professional, and the Walkathon has become an annual event.

We have also become much more connected. When we were just the ABCN, we were very, very local. Once we became part of the ACCJ, we went national. During this time of transition, many of the Chubu members expanded beyond the region. While many things have changed, the entrepreneurial spirit and the civic pride of the Chubu members haven't. This can be witnessed in the fact that we continue to support the Nagoya International School and that our Walkathon remains very strong and successful.



From left: Harry Hill, Seisho Kondo, and Roche at the first Walkathon in 1992.





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The 25th anniversary Walkathon in 2016

### What advice do you have for future members and leaders?

**Lischak:** My humble advice to our future leaders is to develop programs that will challenge the members. As with the beginnings of the Walkathon, we were all challenged with what appeared to be a very radical idea. However, we did not shoot it down, we embraced it and worked as a team to make it a reality. We need to keep a forward looking, visionary view of our purpose and to keep challenging ourselves to become a more progressive and fluid organization.

**Creamer:** Remember who you are doing things for, remember the lives you are touching and the community you are working to help, remember that Rome was not built in a day, and count every little step as a major milestone.

**Hill:** The Walkathon has been a tremendous breeding and training ground for new ACCJ leadership. Continue to let new leaders emerge and make their mark on the Walkathon. The event has evolved, changed venues, and broadened its reach and scope—all because new leaders brought fresh energy and ideas. We should continue to embrace these leaders and allow them the freedom to evolve the event.

**Zarodkiewicz:** As a leader, if you put passion and energy into the organization, you will see a two-fold return, professionally and personally, in that investment.

**Burson:** You will get out of the chamber what you put into it. To benefit, you must give your time and put your hand up for different roles. The more roles you take on, the more you will learn and the more fun you will have. Later, when you are not expecting it, the benefits of involvement will appear. The chamber is not about “I paid my membership, so what are you going to give me?” If you take that attitude, you are highly unlikely to succeed at anything in Chubu. You need to give first and receive later.

Next, don't burn bridges! Learn to tolerate everyone. You don't need to be best friends with everyone, but you can be respectful. Learning how to work together with diverse nationalities, cultures, personalities, sets of values, and backgrounds is a skill. Use the ACCJ as a training ground to improve yourself through action.

**Roche:** As a foreigner in Nagoya, I felt a bit isolated and like an imposter who did not quite fit in. If it weren't for the advice and mentoring that I received from the ABCN

and, later, the ACCJ, I don't think I would be where I am today. I learned that, as a committee member, it was my responsibility to speak up and contribute to the discussion without worry of potential criticism.

My experience with both the ABCN and ACCJ not only taught me the value of being mentored, but also how to be a good mentor. It taught me the importance of sharing what I have learned and passing that knowledge on to others. I take this very seriously and would advise future leaders and members to find mentors—and to then mentor others in return. Giving back is one of the most critical parts of our mission and will only enhance the US–Japan relationship we strive to develop. ■

### LEADERS



**Dennis G. Lischak**  
Pratt & Whitney Japan KK (retired)



**Chris Zarodkiewicz**  
President, Cezars International K.K.



**Britt Creamer**  
Director, F-2 operations, Lockheed Martin



**Harry Hill**  
CEO, Better U, Inc.



**Steve Burson**  
CEO, Relo Network Asia Holdings



**Robert Roche**  
Executive chairman and president  
Oak Lawn Marketing, Inc.



# RISING RISKS

**Hackers exploit Covid-19 to attack people, companies, and governments**

By Julian Ryall



It may not have been very sophisticated, and the three young perpetrators were quickly identified and arrested, but the hacking of 45 Twitter accounts belonging to politicians, celebrities and technology moguls on July 15 has left security expert John Kirch “shaken.”

One week later, Naver, South Korea’s largest internet portal, confirmed that it was moving its overseas backup data center from Hong Kong to Singapore, due to concerns that Chinese authorities could use the far-reaching new legislation to access user information.

Kirch, a senior executive at technology security developer Uppsala Security, told *The ACCJ Journal* that if two teenagers and a 22-year-old can defeat the safety protocols of one of the world’s largest and most influential social media platforms, then something is amiss.

“It looks as if the damage was limited, and they were able to quickly find the hackers, but the implications of what might have happened are staggering,” he said.

According to media reports, two hackers from Florida and a teenager from Great Britain used spear-phishing techniques to convince Twitter employees to provide sensitive information, such as passwords, that enabled them to access the personal accounts of Joe Biden, Barack Obama, Elon Musk, Bill Gates, Jeff Bezos, Kanye West, and others.

The hackers sent tweets from the compromised accounts stating that anyone who transferred cryptocurrency to a specific Bitcoin wallet would receive double in return.

Authorities believe the three men had obtained about \$110,000 before they were traced and arrested.

## RED FLAG

“Twitter got very lucky,” said Kirch. “What would have happened if it had not been a couple of kids looking to make a quick buck, but was something far more dangerous? This could have been someone from abroad who got access to Joe Biden’s account, stayed dormant for weeks or months, observing and collecting information, and then acted just before the US election. The damage to the United States, and globally, could have been tremendous,” he said.

“Unfortunately, Twitter has something of a history of being hacked, it happened in August 2019, when the account of their chief executive officer, Jack Dorsey, was hacked. And, before that, in 2010, then-President elect Obama was hit,” he added.

And if it can happen to a high-profile, media-savvy organization that should have all the security safeguards in place, Kirch cautions, it can happen to any company.

## GROWING DANGER

According to industry statistics, global security breaches have increased by 11 percent since 2018, and an even more alarming 67 percent since 2014. Hackers attack every 39 seconds, for an average of 2,244 incidents each day. Their weapons include malware, denial-of-service attacks, phishing, malicious code, ransomware, and botnets.



**JOHN KIRCH**  
Senior executive  
Uppsala Security





Fully 43 percent of the breach victims were small businesses, with companies in the financial and manufacturing sectors found to have the largest number of exposed sensitive files. In the healthcare industry alone, losses in 2019 were estimated at \$25 billion, while supply chain attacks were up 78 percent year over year. In Japan, the cost of cybercrime has increased by 30 percent since 2018.

According to Kirch, there are three broad categories of hackers, although there may be some crossover between them:

- Organized criminals
- Hacktivists
- State-sponsored hackers

Organized criminals are usually just looking to make money, often by selling data or revealing corporate secrets. About 71 percent of all breaches are financially motivated.

Ideologically driven hacktivists are motivated by political, social, environmental, or other such reasons and set out to disrupt the operations of their targets—although they are also often open to the idea of making some money out of their work, Kirch said.

State-sponsored hackers are trying to access company databases for research or other sensitive information that could help their industries; or want to access political, economic, or military data.

Because the techniques used by hackers are constantly evolving . . . a company has to do the same.

enhanced,” added Rogers, who also serves on a few Japanese company boards as a non-executive director.

“Companies need to identify their vulnerabilities. And, because the techniques used by the hackers are constantly evolving and becoming more sophisticated, a company has to do the same to keep their security up to date.

“We live in an increasingly interconnected world, and we’re going into 5G now, so we have to be aware that one hack could bring the whole thing down.”

She also believes that the threat has only intensified since the start of the coronavirus pandemic, with companies being forced to make hasty decisions to better protect their employees’ health, such as suddenly asking all employees to work remotely.

At the same time, the accompanying economic downturn has put a strain on companies financially, and so funds that were to have been invested in cybersecurity may not be—or will be postponed—as the situation has forced executives to use their funds for immediate business

and operational needs instead of the increasing IT security needs of their business.

“We are in a very challenging environment now, and I think that a lot of Japanese companies were not prepared for something like this and being required to tell their staff to work remotely,” she said. “A lot of companies had not invested in the infrastructure or tested for this sudden shift and dependence on

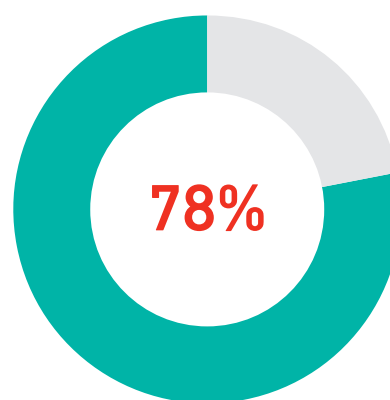
## PAY ATTENTION

Jenifer Rogers, general counsel for Asia at Asurion and a vice president of the American Chamber of Commerce in Japan (ACCJ), said the WannaCry ransomware attack of May 2017 came as a shock to many companies that had previously not paid adequate attention to their cybersecurity.

“There is no question that we are seeing more incidents today, and this is now one of the main issues that keeps CEOs up at night, simply because there are just so many ways that a company or organization can be attacked,” she said.

The only solution is to implement as many defenses as possible.

“It can be as simple as ensuring that firewalls are in place, employees are trained—and trained again—so they can recognize a threat, that passwords are changed, operating systems are updated, and security software is regularly updated and



increase in  
supply chain attacks



Phishing attacks have a greater chance of success when staff work remotely.

remote working, and were not aware of the new vulnerabilities that would be introduced by people needing to access company data from their homes.

“It was a scramble at the outset, and I still don’t think that many have adequate precautions in place, especially smaller companies,” Rogers said.

### LOST CAUSE?

Many experts believe that it is virtually impossible to prevent malware attacks.

“Cybercriminals, more than ever, are targeting the human layer, which is recognized as the weakest link in cyber defense,” said Shuichi Izumo, executive officer and director of global policy and government affairs for Cisco Systems G.K. “This requires organizations to prepare individuals on how to deal with attacks and prevent them.”

And while the National Center of Incident

Readiness and Strategy for Cybersecurity has been set up by the Japanese government to help with companies’ concerns, many are reluctant to report incidents as they fear that further information will be released, or that confirmation of an attack will damage public confidence in their products or services.

Izumo shares concerns that the coronavirus has opened up new loopholes that hackers will be quick to exploit.

“More companies are using the internet for work because of the pandemic,” he said. “This is something that the Japanese government has been attempting to do, either by hosting online meetings or digitizing government infrastructure. But

a greater reliance on the internet—no matter how secure the platform—means greater potential access for hackers.”

### MEDICAL MATTERS

Another consequence of the pandemic has been hackers switching their attention to biomedical and pharmaceutical companies—particularly those that have announced progress in the search for a coronavirus vaccine. Japan’s Ministry of Health, Labour and Welfare has called on drug developers to increase security measures to frustrate efforts to steal vaccine information. Recommendations include periodic virus scans, educating staff, and increasing the strength of passwords on their platforms.

The potential impact on the healthcare sector was previously brought home to John Carlson, chair of the ACCJ’s

Healthcare Committee, in the 2017 ransomware attack on MSD KK, a subsidiary of New Jersey-based pharmaceuticals giant Merck & Co Inc.

“It had a profound impact on the day-to-day operations

of the company, and the attack halted the work of thousands of employees globally,” he said. “From commercial to research and development teams, for an extended period of time, it was not possible for employees to use or access their email.”

Cybersecurity is of the utmost importance in the health-care field due to the need to protect patient privacy, as well as the integrity of the data stored by a company, Carlson said. The implications of an unauthorized person accessing an individual patient’s data and altering something as fundamental as their blood type or any allergies are potentially catastrophic.

There is limited precedent to determine precisely how a planet-wide medical crisis will affect companies on a global scale.



**JENIFER ROGERS**  
General counsel for Asia  
Asurion Japan Holdings GK  
ACCJ governor



**SHUICHI IZUMO**  
Executive officer and director of  
global policy and government affairs  
Cisco Systems G.K.



**JOHN CARLSON**  
Chair  
ACCJ Healthcare Committee

In addition, healthcare companies are presently at the forefront of the global effort to devise treatments for Covid-19, so they hold large amounts of critical data on ongoing clinical trials and developments, as well as similar research in other areas. Having that data compromised and leaked would have an impact on a company's stock price and reputation.

Increasingly, companies in the healthcare sector are running regular scans of their systems, something that might previously have been more infrequent. Many are also conducting unannounced tests of staff to determine whether they access or download suspicious attachments, or click on links, that could be part of phishing attacks. The aim, Carlson said, is to educate employees about what to look for and to report it so that the integrity of the system can be maintained.

#### FINDING FLAWS

According to Izumo, major companies are now offering rewards for hackers who are able to detect bugs or identify flaws in their security. Last year, HackerOne, a website where such cybersecurity challenges are presented, saw companies pay out ¥4.2 billion (\$40 million) in rewards. Similarly, a growing number of Japanese companies are cooperating with so-called "white hat" or ethical hackers to detect software malfunctions, a practice referred to in the industry as "offensive security."

Yet Izumo warns that other areas—including the financial, technological and public sectors—will inevitably face an uptick in targeted attacks in the near future due to the amount of money they have at their disposal and their increased vulnerability from the shift to teleworking.

In April, Ari Davies from Deloitte Tohmatsu Cyber LLC produced a webinar on the security implications of company

personnel working from home during the pandemic and stated that there is limited precedent to determine precisely how a planet-wide medical crisis will affect companies on a global scale.

In the webinar, Deloitte mentioned several coronavirus-specific themes that have been used in recent cyberattacks, and that those attacks could have a higher likelihood of success if staff who are working remotely do not have immediate access to their in-house information technology security teams or their team members for a peer review of suspicious email content.

Deloitte offered, among many, a selection of risk-mitigation measures that should be implemented, including ensuring that all corporate business applications are only accessible via encrypted communications channels, the introduction of multifactor authentication mechanisms, and preventing remote systems from being directly connected to the internet.

Other preventative measures included having employees use corporate rather than personal computers whenever possible. Also, users should be particularly careful with emails containing references to coronavirus themes, while antivirus and anti-malware tools must be installed and fully updated.

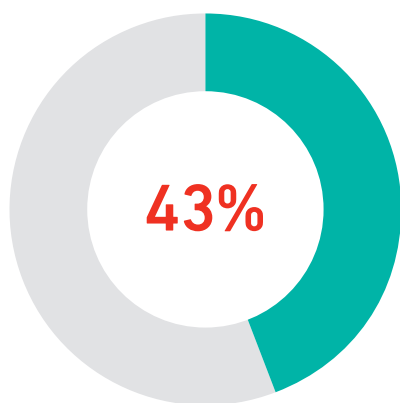
#### LOCAL IMPACT

The warnings are extremely timely: Japanese media reported on August 25 that at least 38 companies have had authentication information stolen by hackers in June and July.

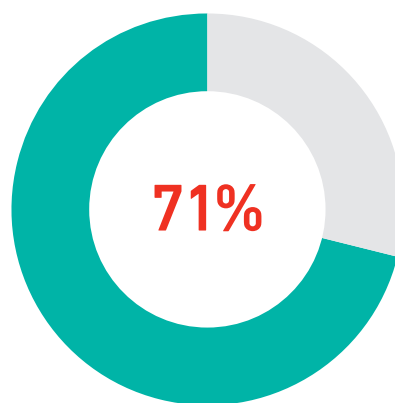
US-based Pulse Secure LLC said that companies including Hitachi Chemical Co., Ltd. and Sumitomo Forestry Co., Ltd. have been the target of attacks and that about 900 items of authentication data that can be used to access VPN servers had been stolen and leaked online.

Kirch concedes that hackers' capabilities are getting better and that "deepfakes"—falsified video or audio content that seems real—are an emerging cause for concern, yet he is confident that "the good guys will eventually win the cybersecurity arms race."

"Knowledge is power, and a better approach would be to incentivize the bad actors to work as a team and outsmart the remaining hackers and scammers," he said. "We need to educate people, to get rid of complacency, and keep reminding organizations that they need to close their security vulnerabilities. If that is done, then yes, the good guys will win." ■



of breach victims are  
small businesses



of breaches are  
financially motivated





# NEW WAY TO PAY

**Govt's digital cash would  
change how we spend and save**

By John Amari

On July 17, the Government of Japan announced that it will intensify efforts to launch a central bank digital currency (CBDC). It was the first time that CBDC—a digital form of central bank-issued currency—was mentioned in the country's annual policy plan.

Yet, well before the announcement, the Bank of Japan (BOJ) was already engaged in research into CBDCs.

The BOJ is not alone. Central banks around the world have been similarly engaged, including those of the United Kingdom, the European Union, and China. The Bank of Canada and the United States' Federal Reserve System are doing the same.

In light of these developments—and to find out more about the state of CBDCs in Japan—*The ACCJ Journal* spoke with two thought-leaders in the industry: Hiromi Yamaoka and Ken Kawai.

Yamaoka and Kawai agreed that, while CBDCs present many opportunities to transform the global financial industry, there remain important challenges to solve before they become the norm.

And while both experts are optimistic that Japan will eventually launch CBDCs, they believe we are still in the early stages of development.

## STATE OF THE ART

In Japan, research into digital currencies such as CBDCs has gained steam in recent years, with three main study groups having been launched.

Yamaoka, who until 2019 was the director-general of the payments and settlements systems department at the BOJ, is chair of one such group.

"We are thinking about what we can do—as a private sector initiative—to innovate the payments systems in Japan, including digital currencies," he said.

The study group comprises about 10 leading corporations from several industries, including information technology, retail, and finance. Telecommunications giants NTT Group and KDDI Corporation, retail giant Seven & i Holdings Co., Ltd., transportation giant East Japan Railway Company, and Japan's three mega banks—Sumitomo Mitsui Banking Corporation Group, MUFG Bank, Ltd., and Mizuho Bank Ltd.—are members. Representatives from the BOJ, the Ministry of Finance, the Financial Services Agency, and the Ministry of Economy, Trade and Industry attend as advisors.

And, beyond their immediate circle, the group is engaged in bilateral talks with various entities, including non-banks and IT companies, Yamaoka added.

## BEYOND BANKS

The second study group on Japan's settlement system is the Zengin System, which is also the interbank network for operating domestic funds transfers. Currently, the participants are limited to banks (depository institutions), most of which are members of the Japan Bankers' Association.

However, with the advent of new players in the global finance and payments industry, such as social media giant Facebook, Inc. and mobile app developer Line Corporation, that may change.



**HIROMI YAMAOKA**  
Former director-general, payments  
and settlements  
Bank of Japan

Facebook, for instance, planned to launch its own cryptocurrency, called Libra, later this year. Line, meanwhile, launched a digital wallet called Line Pay in Japan back in 2014.

And in the United Kingdom, online money transfer service TransferWise was, in 2018, the first non-bank payment service provider to join the Bank of England's payment system.

An important consideration for the Zengin System, therefore, is how to manage the entrance of non-banks, which are potential competitors or partners, into Japan's banking system.

## GLOBAL EFFORT

The third group—the Digital Currency Group—was established in July and sits in the same department at the BOJ that Yamaoka used to lead.

This is in addition to an initiative that Yamaoka started in 2016—called Project Stella, a joint research project on blockchain and distributed ledger technology (DLT) by the BOJ and the European Central Bank (ECB).

To date, Project Stella has published four reports on:

- Processing large-value payments
- Securities delivery versus payment of securities and funds
- Security improvements for cross-border payments
- Balancing confidentiality and auditability

Each item was considered within a DLT (or blockchain) environment.

For Yamaoka, the BOJ's proactive steps “show that the central bank is increasing its efforts to study the potential impact of CBDCs.”

The BOJ is in good company. Back in 2018, the Bank for International Settlements (BIS) published an initial analysis of CBDCs.

Established in 1930, the BIS is an international financial institution that fosters collaboration between central banks around the world. It looked at how central bank-issued digital currencies may impact “payment systems, monetary policy implementation, and transmission, as well as for the structure and stability of the financial system.”

## POTENTIAL BENEFITS OF A CBDC

- Provides a safe central bank instrument, especially should the use of cash decline significantly
- Enhances convenience, increases safety, lowers overall costs, and further improves resilience in the domestic retail payments system
- Boosts transparency and speed, and reduces costs in cross-border retail payments
- Reduces the concentration of liquidity and credit risk in payment systems
- Serves as an alternative to private issuers of digital tokens, which have volatile valuations and inadequate protections

SOURCE: BIS



Facebook planned launch its digital currency this year.

While noting challenges to the implementation of CBDCs, the BIS concluded that “central banks and other authorities should continue their broad monitoring of digital innovations, keep reviewing how their own operations could be affected, and continue to engage with each other closely.”

The BOJ, whether through its in-house research group or collaborations with the ECB and the BIS, is doing the same.

## DEFINING CBDCs

What are digital currencies? At first the answer may seem straightforward, but the experts said that is far from the case.

“There is no official definition, in terms of digital currencies. Broadly speaking, we can think of digital currencies as some sort of digitized payment instruments,” Yamaoka explained.

Digital currencies come in many forms and have an ever-growing list of types and subtypes that describe them, such as:

- Digital money
- Electronic money
- Virtual currency
- Cryptocurrency
- CBDCs

Unlike banknotes and coins, digital currencies don't have a physical form. And yet they share essential qualities with cash—both are financial instruments that can be used as a means of payment, a unit of account, or a store of value.

Digital currencies trace their history back to the early 1980s, when American computer scientist and cryptographer David Chaum first proposed the idea of “digital cash.”

In 2009, digital tender in the form of the Bitcoin cryptocurrency were first proposed by the pseudonymously named cryptographer Satoshi Nakamoto.

Fast-forward to today and a plethora of digital currencies and payments platforms—many pioneered by non-bank technology companies—proliferate in the financial system.



**KEN KAWAI**  
Partner  
Anderson Mori & Tomotsune





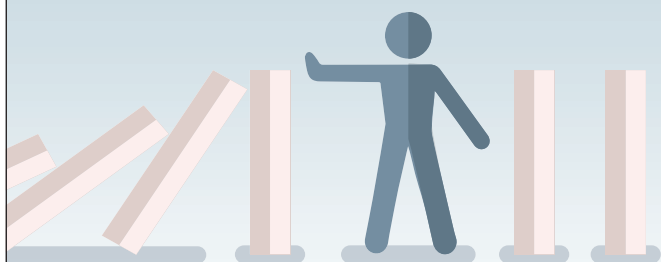
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## Global Moves

Many countries have begun projects and collaborations to launch blockchain-based digital currencies, trading systems, and distributed ledger technology over the past four years.



SOURCE: MICROB

Facebook's Libra, a cryptocurrency; Tencent Holdings Ltd's WeChat Pay, a social media app that includes mobile payment features; and East Japan Railway Company's Suica, an electronic money and contactless card, are examples of digital currencies and payment platforms.

And that's not to mention credit or debit cards and online money transfer platforms, such as that offered by tech company PayPal Holdings Inc.

### MONEY IN THE BANK

As currently proposed, CBDCs are likely to take two main forms: wholesale-only CBDCs and retail (or general purpose) CBDCs, Yamaoka and Kawai explained.

Kawai is an expert on blockchain and financial regulatory issues and a partner at law firm Anderson Mori & Tomotsune.

In *Digital Innovation, Data Revolution, and Central Bank Digital Currency*, a BOJ working paper that Yamaoka co-authored in 2019, wholesale-only CBDCs are described as

"large-value settlements which are based on central bank deposits and adopt new technologies such as distributed ledger technology."

In this case, a central bank issues CBDCs to commercial banks and financial institutions, which play their traditional role as intermediaries between the central bank and corporations and individuals.

Meanwhile, retail "CBDCs [are to be] used by the general public for daily transactions instead of banknotes."

In the case where account-based retail CBDCs are issued, private companies and individuals with an account at the central bank can receive CBDCs directly for their daily transaction needs. CBDCs can also be issued in the form of digital tokens that represent monetary value.

What kind of CBDCs are currently in the works?

One example was unveiled in April when the People's Bank of China announced trials for what it calls Digital Currency/Electronic Payment (DCEP). Initially, DCEPs, a digital form of the official Chinese renminbi currency, were rolled out in four cities in collaboration with commercial banks.

It is thought that tech companies such as ride-hailing provider Didi Chuxing will be at the forefront of scaling and optimizing the nationwide expansion of DCEPs.

### GOING DIGITAL

Are CBDCs to be launched soon in Japan? Not immediately, Yamaoka and Kawai agreed.

For that to happen, several challenges will need to be overcome, not least of which surround the impact of CBDCs on the commercial banking sector and on data protection and privacy.

"Of course, what they need to consider is how to efficiently and safely implement CBDCs and what the impact would be on the private sector. And they need to think about [anti-money laundering / combating the financing of terrorism or AML / CFT], data privacy, and many other issues," Kawai explained.

Unlike with cash transactions, which are mostly anonymous, the use of CBDCs would, in theory, allow central banks to track and trace all transactions.

While this capability can enhance AML / CFT initiatives, it raises questions about privacy and data protection—concerns that are set to increase as non-bank players enter the industry, Kawai added.

### FUTURE FINANCE

Will Japan embrace digital currencies? Yamaoka and Kawai are optimistic, especially when working in close collaboration with the private sector.

Why the optimism? Kawai points to the country's historic ability to embrace new trends—when there is a general consensus to do so.

"Japanese people tend to be conservative, but once there is some big change, they dramatically change their attitude. This has been proved in the history of the country."

Yamaoka holds a similar view, adding that the prevailing coronavirus pandemic has raised concerns globally over the use of physical cash, and this is driving many industries to seek contactless, digital solutions.

"Because of Covid-19, digitization of the Japanese economy is now becoming a big issue—and payment digitization is part of it." ■

A middle-aged man with grey hair and a beard is smiling at the camera. He is wearing a red t-shirt with "UFC GYM" printed in black. He is standing in front of a red punching bag hanging from a chain. The background is a plain, light-colored wall.

# FIGHT FOR LIFE

Trainers breathe new life into stretched fitness sector

By Malcolm Foster



With “impeccable timing,” Harry Hill opened Japan’s first UFC Gym on April 6—only to close it three days later when the Japanese government declared a state of emergency in response to the coronavirus pandemic.

“It wasn’t like that took us by surprise. But by the time we were pregnant, we decided to give birth,” said Hill, who is chief executive officer of Better U, Inc., operator of the UFC Gym located near Yoga Station in Tokyo’s Setagaya Ward.

Hill and his personal trainers quickly pivoted to offer online workout sessions for members, most of whom were working from home and wanted an exercise outlet. “If people can’t come to the gym, we’re going to bring the gym to them,” he said.

In June, after the emergency was lifted, the gym reopened—in a Covid-19 world requiring numerous precautions. The coronavirus has forced fitness businesses to adapt, and changed the way many of us exercise—even discouraging many from doing so at all.

That’s an unhealthy trap we need to avoid, personal trainers told *The ACCJ Journal*. Working from home has its perks, but it has also made many of us sedentary, as we sit in our home offices for hours-long video meetings during the day and bingeing on Netflix at night. Stress and snacking are plentiful. Weight gain is common. Stretching and moving periodically—at home, outside, or at the gym—is vital to both physical and mental health, they said.

“Our goal is to have people fight-ready, life-ready,” said Hill, who also serves as a coach at the UFC Gym. “Everybody has a fight, and part of the fight is to stay healthy. Particularly during this time of corona, it’s more of a challenge. How do you stay healthy? How do you keep yourself in performance condition?”

### MAKE GYMS SAFE

Spaces where people do a lot of sweating and heavy breathing are inherently riskier, and there is a greater chance that diseases could spread. With this in mind, operators needed to take many steps to ensure people could work out safely when facilities reopened in June.

At both the UFC Gym and the fitness center at Tokyo American Club (TAC), masks are mandatory and workouts are by appointment only—no walk-ins are allowed. The number of people in the gym or in classes is capped, and equipment is wiped down with sanitizer after each use.

At TAC, the exercise machines have been spread out to create more space and plastic dividers installed between them. Every 90 minutes, members must clear out while staff clean all the equipment. “We do everything we can” to make the gym safe, said Takeshi Hirata, a personal trainer at TAC who mostly works one-on-one with members.

### STRESSFUL TIMES

Hirata also senses that people seem more stressed with all the Covid-19-related disruptions and restrictions. Lifestyle patterns have had to change, and some expat families have been split up as a result of the reentry ban imposed by the Japanese government, which had blocked entry—even by permanent

residents—from 146 countries. This has added significantly to the anxiety. The ban was partially lifted for foreign residents on September 1.

“It’s a stressful time,” Hirata said. “Life has changed. It’s definitely a transition, adjusting to a new normal. And we don’t know how long this will last. Exercise will help remedy that, but not entirely. It helps you cope.”

Being cooped up at home and adjusting to all the changes have made some people crave exercise even more. “It’s something you recognize when you lose it,” Hirata said. “Now that there are more restrictions, people are realizing the importance of exercise. We’ve lost some things we took for granted, and we’re not sure we’re going to get them back anytime soon.”

Hirata has had to change his coaching style. He is careful not to touch people as much and tries to rely on verbal and visual cues. Also, with everyone wearing masks, it’s hard to read members’ expressions and how they’re faring as they exercise. “I pay more attention to their breathing, face, and gestures,” he said. “I can only see their eyes, so it’s kind of hard to read their state. I tell them to tell me how they’re feeling. It’s all about communication.”

At TAC, members have returned for one-on-one workouts, but, so far, not many are coming in for the group classes—perhaps because of concerns about exposure to others, trainers said. Online sessions are in full swing and may be here to stay. Hirata says about 40 percent of his teaching and training is online.

### HIGH INTENSITY

The trend is opposite at the UFC Gym, where small group workouts are proving more popular than one-on-one sessions, Hill said. The most in-demand program is Daily Ultimate Training (DUT), a 60-minute cross-fitness workout limited to eight people. Members can also participate in DUT at home through Zoom.

These are grueling regimens that involve high-intensity interval training and aim to push a participants’ heart rate to 85–95 percent of maximum.

For example, UFC Gym master trainer Darrell Harris recently led one such workout that started with five three-minute rounds of jumping jacks followed by five three-minute rounds of planks, two two-minute rounds of lifting kettlebells, and two rounds of one-minute push-ups. Each was separated by 15 seconds of rest.



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PHOTO: KAYO YAMAWAKI/TOKYO AMERICAN CLUB



The coronavirus has forced fitness businesses to adapt and changed the way many of us exercise.

“Those are soul-catchers,” said Hill, who participated in that workout and believes group dynamics help spur members on. “It becomes easier to gut through something like that if you’re in a group, and you’re looking around and seeing others do the same thing. We were doing it in the gym, but you could easily do it at home. In fact, there were a couple people doing it remotely.”

### MEANT TO MOVE

While the gym can provide intensive workouts, there are plenty of stretches and exercises people can do at home or outside to stay fit, feel good, and reduce stress, the trainers explained. In fact, doing so is vital to maintaining your overall health and emotional well-being.

“Let’s say you sit all day and one joint becomes weak, and then your core gets weak. That can affect your whole body,” said Hirata. “Our bodies were meant to move. We are not sedentary animals. If you don’t use your body, your joints get stiff and your body gets weaker. We need motion.”

Stretching tends to get overlooked but is essential to fitness, the trainers said. Hirata suggests setting a timer to go off every two hours for some stretching— particularly of your back.

In another stretch done while seated, twist your body to the right by putting your left hand on your right knee and try looking behind yourself, said Robert Daoust, a personal trainer at TAC. “That’s good for the spine and helps relieve tightness in the back and shoulders.” Or, when standing, you can do a lateral side bend, in which you stretch your arms

above your head and interlock your fingers, bend to one side as far as you can, and then bend to the other, he said.

“If you move, it lubricates your body,” Hirata explained. “If you don’t move, your body gets rusty.”

Even pausing occasionally to do some deep breathing is beneficial, Daoust added. “Breathing is very underrated. It’s the number-one reliever,” he said. “It gives you mental clarity. Basically, you’re oxygenating your body and working your lungs. The mental thing is big, because, in times of stress, our breathing becomes shallow.”

People don’t even need a large space or weights to exercise at home, the trainers said. So much can be done using one’s own body weight to strengthen muscles and get fit. Examples include crunches, lunges, planks, push-ups, and jumping squats. You can even use a 1.5-liter bottle filled with water as a homemade, disposable weight.

“Literally, if you have two square meters, that’s enough,” said Hill. “Our customers, mostly Japanese, are doing boxing conditioning workouts in two square meters. It’s not just about moving the arms, it’s about moving your body, moving your head. That’s going to increase your heart rate. You can add some push-ups and sit-ups. All that can be done at home.”

### MIX IT UP

Varying your exercise routines is also important, Hill says. The UFC philosophy encourages members to try a variety of activities offered at its gym, from boxercise and Brazilian Jujitsu to Pilates and yoga.



**TAKESHI HIRATA**  
Personal trainer  
Tokyo American Club



**HARRY HILL**  
CEO  
Better U, Inc.





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Personal trainer  
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**DARRELL HARRIS**  
Master trainer  
UFC Gym

“There’s all sorts of sports science that shows that the best way to stay in shape is to change up your routine,” he said. “If you get too stuck in a single routine, what tends to happen is the body starts to plateau.”

The UFC Gym, one of more than 150 around the world, is partly inspired by the training methods used by elite mixed martial arts athletes who compete in the Ultimate Fighting Championship series. But the acronym also stands for “unity, family, and community,” the gym’s slogan.

“We’re family oriented. This isn’t a fight gym. We focus on conditioning,” Hill said. “Everything we’re doing is based on functional fitness, more than just having to look good.”

He pointed out that many gym-goers tend to focus too much on cardiovascular activities, such as running, spinning, or rowing. “We don’t discourage cardio, but people typically overdo it, and they don’t do enough core work, resistance-type work.”

People working out these days have a wide range of aspirations, from losing weight and getting or staying fit to gaining strength or simply feeling better, the trainers said. New members start with a consultation in which the trainer seeks to understand their goals, explain the interrelated nature of our bodies and set up an appropriate program.

“A lot of people just want to feel good,” said Harris, the head trainer at the UFC Gym. “They know they need to change something. But if you want to just lose weight, that’s a double-edged sword, because muscle weighs more than fat. If they’re just looking at the scale, they’ve got the wrong approach.”

**Everybody has a fight, and part of the fight is to stay healthy.**

## TRAIN IN THE PARK

The pandemic has also sparked innovation and entrepreneurship among professional trainers.

Within days of TAC’s gym closure in early April, personal trainer Daoust started offering outdoor workouts at nearby Shiba Park, where he set up several TRX suspension trainers—long straps with handles that can be anchored to a tree or fixture for a variety of total resistance exercises. He also loaded up his SUV with kettlebells, steel balls with handles, medicine balls, and skipping ropes, which he set out in the park for people to use.

He offered interested passersby free trials, and a number of them became regular paying clients. Some TAC gym members also joined him.

“I was able to turn things around pretty fast,” Daoust said. “I got some new clients from people just watching me train in the park. Different things came together kind of spontaneously.”

Now Daoust is juggling three jobs. In July, he opened his own karate school—Tokugen Dojo—in Koto Ward. There he teaches Japanese kids in English. He has also returned to TAC even as he continues the outdoor park workouts.

At TAC, he teaches TRX suspension training. For one-on-one workouts, he prefers using free weights over machines because he sees them as more beneficial. Sitting at a machine and pushing the weights taxes the muscles, he explained, but doing a similar workout with free weights requires you to stabilize your midsection and core, and to use balance. “It’s a bit more demanding on the body, and it translates better to daily life and sports,” he said.

## IMMUNITY

Given the concerns about contracting Covid-19, Harris said research shows that suddenly jumping into vigorous exercise can weaken the immune system. It’s best to focus on mid-intensity workouts and to make sure you have a good base before trying anything more rigorous.

“High-intensity workouts actually compromise the immune system and make it more susceptible to illness,” he said. “But if you start with mid-intensity, it gets the body primed and prepped. Then you can go on to high-intensity.”

For fitness, Hill said it’s important to take the long view. “It’s a marathon. What you don’t want to do is to completely gas yourself, because that will bring your immune system down. What we’re really working for is something more modest. You hold back, but you do it more often.” ■

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UFC Gym checks each person’s temperature on arrival.



# THE LEMONADE STAND

How schools teach kids the real world business of making money

By C Bryan Jones

As Japan looks to a future of stiff global competition and a smaller workforce, the importance of teaching innovation and entrepreneurship looms large for educators. The country's traditional approach to teaching, and a curriculum that favors rote learning and conformity, may not prepare students for a world that will look very different from that of the past century.

International schools in Japan are pushing the envelope with programs and courses that help the business world's next generation learn to think in creative ways for the betterment of society. *The ACCJ Journal* talked to five institutions about their approaches and results.

## LEARNING SERVICE

Michael Roberts, Middle Years Programme (MYP) Coordinator at Chiyoda International School Tokyo (CHIST), said that service learning is a major part of CHIST's MYP curriculum. "Students take on a project where they perform actions that benefit the community on a local or even global level, through direct or indirect action or advocacy," he explained.

"Examples of direct-action projects include tutoring someone or teaching behaviors to a dog that is up for adoption.

An indirect-action project, where the end result is not readily apparent, might be creating a picture book, teaching a foreign language, or rescuing an animal for release back into the wild. And advocacy involves speaking and presenting on behalf of a cause, such as Save the Children, anti-bullying, or water conservation."

All projects are completed while retaining a focus on a context such as globalization and sustainability or personal and cultural expression.

"There are six global contexts we learn during MYP, and they are the lens by which we contextualize our learning at CHIST. Most recently, MYP Year 1 students decided, as part of their service learning, to get involved with the WE Charity community, an international organization that encourages students to become interested and take part in solving global issues. The students held an event to raise money for this worthwhile cause," he said.

Canadian Academy, in Kobe, also has a very robust service program, explained Director of Admissions and Marketing Rob Smailes, who is also chair of the American Chamber of Commerce in Japan (ACCJ) Kansai Community Service Committee.

"Generally, we have about 20 service clubs that are initiated and run by students. Many of these have a strong entrepreneurial spirit that supports our school mission, part of which is 'to compassionately impact the world.'"

"For example, our ECO Club has raised money and awareness by selling water bottles, thereby heavily reducing the presence



of PET bottles on our campus. And our Entrepreneur's Club has explored ways to survey the needs of the school and to provide an event or product that raises additional funds for a variety of organizations."

Canadian Academy's long history—it was founded in 1913—gives it a community that stretches well beyond the current students, Smailes added. "Networks gained from being a part of Canadian Academy provide support, guidance, and inspiration to all its members. Our mentorship and internship programs provide critical real-life experiences for our children."

The ACCJ and its members can also help provide those experiences, he pointed out. "Just as importantly, our students offer some pretty amazing insight and unique skill sets that companies find very attractive. It's a win-win relationship."

## CREATE YOUR PATH

Aoba-Japan International School (A-JIS) Head of Campus Paul Fradale talked about their Global Leadership Development Program (GLD), which he says best embodies A-JIS's support for entrepreneurial development.

"In this program, students in grades 11 and 12, quite literally, create their own graduation path within broadly described school parameters. Typically, students will include internships as part of this path," he explained. "We encourage them to negotiate their campus presence. For example, students pursuing modeling or entertainment careers will determine when they will be on campus and when they must be away to develop career aspirations. Others, such as IT- or business-minded students, will have a large say in how much time is spent in offices downtown as part of their internships. This ownership of their learning, in a very real sense, and negotiating with the school helps develop an entrepreneurial mindset as well as fundamental skills."

Kacie Leviton, marketing and communications manager at Nishimachi International School, said that, while they do not have an official entrepreneurship program, fostering creative thinking is at the core of their approach to education.

"The Nishimachi Learner Expectations (NLEs) embody the spirit of innovation and guide our school as we develop



Canadian Academy students learn to create business solutions to problems.

young minds to be leaders in the future. We believe that all members of our school community are learners, whether they be students, teachers, staff, parents, or alumni," she explained. "We should always be willing to learn and grow, and we believe that, through these NLEs, our students will develop into learners and leaders who know, care, and take action to bring value to others and make a positive impact on the world."

The NLEs are based on the belief that as learners we:

- Make connections between people, cultures, and ideas
- Take ownership and initiative, and accept responsibility
- Pursue challenges, take risks, and persevere
- Act ethically, respect differences, and are empathetic
- Are creative and use multiple processes to innovate

"We believe that by developing the skills needed to foster innovative thinking from an early age, many of our students will contribute positively to Japan's future in whatever field they pursue," Leviton said.

## STANDOUT MOMENTS

Asked about examples of projects and outcomes that were particularly inspiring, A-JIS's Fradale shared how one student's work in AI-controlled vehicles led to his receiving not only a full scholarship, but a monthly stipend to attend a prestigious engineering university in China. "His achievement really put the GLD out there for the community to consider as a highly viable alternative to our standard International Baccalaureate Diploma Programme path."

Last summer, Laurus International School of Science participated in the Maker Faire at Tokyo Big Sight. First-year students worked in groups of two or three to create an umbrella that collects and purifies water so that you can drink it while walking. Multiple people can use a single umbrella together, and even babies and dogs can use the innovative creation.

Students are also making a difference for their counterparts in other countries. Canadian Academy's Smailes shared how their students raise money and awareness each year for students in Thailand.

"In our design class, our students created a wide variety of flower planters, which were sold to our community. Although simple in scope, it was a wonderful way to integrate service, entrepreneurship, and curriculum into a meaningful



ASIJ's Aimee Dossor presents to her classmates as part of the Nike project.



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Under the guidance of Musashino University, CHIST opened its elementary school in April 2018. The middle and high school opened in April 2019 and soon after became a candidate school for the International Baccalaureate (IB) Primary Years, Middle Years, and Diploma Programmes.

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event that made a world of difference for those in Thailand, who, without our support, wouldn't have been able to afford their school uniforms, supplies, and books."

Matt Wilce, director of communications at the American School in Japan (ASIJ), told *The ACCJ Journal* about Introduction to Entrepreneurship, an elective course for grades 11 and 12 that is offered as a concurrent enrollment class with Syracuse University.

Nineteen students enrolled in this year's class taught by high school teacher Jason Cancelli, who said, "I want them to do entrepreneurship, not study it."

They were given a project to work on with Nike to design a plan to encourage kids and women in Tokyo to lead more active lifestyles in ways that benefit Japan, the Nike brand, and Nike's financials.

The students were split into six groups and each worked with up to three of 18 volunteer mentors from Nike. At the end, they presented their strategy. Covid-19 added an additional lesson to the experience as the original plan to present in person at the Nike offices in Tokyo had to be canceled, and recorded presentations were delivered instead.

Cancelli said, "I am not yet sure how the class will influence students in the future, but I hope it provides them with the confidence to put themselves out there, maybe as an entrepreneur, or maybe as a researcher, or an artist, or an activist."

## FUTURE PROSPECTS

A grayer Japan, with fewer workers, will rely on innovation and entrepreneurial spirit to maintain its high standard of living in the decades to come. Educators agreed that instilling in today's students the skills and drive to make a difference is critical.

"We all know that the world is becoming more complex. It is truly remarkable how different the world our students are entering is from the one we grew up in. Given the rate of change, it is, in many ways, a far greater risk not to innovate, take chances, and generate new ideas," said Scott Wilcox, ASIJ's deputy head of school for learning.

"As is so evident during this global pandemic, doing things the same way we have done them before is most likely the path to stagnation and obsolescence.



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## ENTREPRENEURS IN ACTION

As the coronavirus threat descended on Tokyo in March and the supply of personal protective equipment began to run low, ASIJ student David Bass took action. Hearing stories about price-gouging in the United States, and recognizing that low-income earners and homeless people were suffering, he decided to start making cheap—even free—sanitizers for people in need, for the betterment of society.

Using his own pocket money to purchase all the materials and equipment, Bass started making hand sanitizers in his house. Quickly his efforts expanded.

"I started to spread the word about my idea, created a group chat, and added anyone interested in it," he explained. "Luckily, a lot of people were also passionate about my idea, and we started to have meetings to kick off our activities. In the beginning, it was just me and my schoolmates, but now we have managed to recruit others outside of my school."

Bass is now aiming to produce 5,000 bottles and is thinking of partnering with Japanese high schools and institutions to help them make their own hand sanitizers.

Read a full interview with Bass at: [connect.custom-media.com/forum/tackling-sanitizer-price-gouging/](https://connect.custom-media.com/forum/tackling-sanitizer-price-gouging/)

ASIJ is actively working to make sure we are developing creative, critical thinkers who will be innovators and problem-solvers, with the skills and disposition to make a difference in Japan and as global citizens."

A-JIS's Fradale said: "Japan currently has a debt-to-gross domestic product ratio of more than 200 percent, and the country's population structure and birthrate are considered by many to be a death knell for the economy. Japan faces increasing industrial competition from regional players that it once dominated, and its energy and food security are at risk. Without innovation, Japan is destined to face severe reductions in its standard of living.

"But Japan's deep history of craftsmanship and innovative design—married with its commitment to strive for the highest quality—can provide a way forward by bridging the past to the future," he continued. "Japan's stability and generally clean environment, along with its highly educated populace, provides the human, political, and environmental capital from which to build a new iteration of Japanese society, should the young people be allowed to take the reins and run with their ideas." ■

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# CONNECT AND ENGAGE

GR Japan co-founders on the  
importance of government relations

By C Bryan Jones

Philip Howard

Jakob Edberg

**W**e are living in a time of great change, driven in part by the coronavirus pandemic but even more by shifting expectations of how society should function and growing concerns about the future. Bringing together policymakers and the business community is more important than ever, and many people believe doing so in Japan is extremely difficult. But GR Japan President and CEO Jakob Edberg and Managing Director Philip Howard have built a government relations powerhouse over the past decade that has successfully bridged the gap to create win-win outcomes. To mark their anniversary, *The ACCJ Journal* talked to the two co-founders about the growth of their company and 10 years of helping businesses in Japan with government relations.

## What is GR Japan?

**Edberg:** Basically, we are what the name says: we do government relations in Japan. We chose this name to make that point very clear because, at the time we started, in 2010, it wasn't such an obvious thing to do government relations here. But we thought that it was absolutely possible, so we chose the name GR Japan.

**Howard:** And over the past 10 years, we have become the leading and largest government relations company in Japan—possibly the entire Asia-Pacific region.

## Where is your strongest area of expertise?

**Edberg:** We often get this question from potential clients. They want to see sectoral expertise, but we always say that our expertise is in the policymaking process itself. How does the government make policies? How are decisions made and regulations shaped?

Most people believe they are in a unique situation when they have a political or policy challenge, but often we have seen it before. We have a team of more than 50 people in Tokyo who have been involved in policymaking and political

issues for a very long time. Through this collective knowledge, we know how the political machinery works, which strategies work and which do not, how to present a message, and how to deal with the government. That, in essence, is our core expertise.

On top of that, we have teams working on more technical matters. Once we get to know the client's issues, we can always apply our government expertise to those, and it works very well.

## With which sectors do you work?

**Howard:** We work across a wide range because, as Jakob said, really our expertise is in government decision-making, and, of course, that affects a very wide range of sectors. Right now, we are working most in areas of pharmaceutical and medical devices, energy and environment, consumer transportation and tourism, and technology—including IT, which has been growing very rapidly recently. We also have a good amount of work, I'm pleased to say, in the not-for-profit sector, with philanthropic foundations, campaigning non-governmental agencies, and other organizations outside the corporate sector; it's a pretty wide range. One other aspect is working with those who require local government expertise in Japan, because a lot of power is devolved down to local governments here. We have a very, very strong local government team for prefectures and municipalities throughout the country.

## How has GR Japan grown over a decade?

**Howard:** When we started 10 years ago, there were just the two of us—and there wasn't really a government relations profession or practice in Japan. If anything, people believed that it couldn't be done. But we've grown steadily every year—through thick and thin—and we now employ 60–70 people. Most are in Tokyo, but we also have offices in Osaka, Washington, DC, and, since two years ago, Seoul. We also have five people in Europe focused on London as well as representation in Australia. So, while we really have that focus on Japan, we're able to get closer to our clients in other places.



### What is the secret of your success?

**Edberg:** First of all, I think it's that we are really specialized. We work with policy and government relations, and we have built a company for that purpose. I believe this is really critical. To do government relations effectively, we must have specializations, and we have recruited people with those skills.

Second is that we are really passionate about what we do. When we interview people and hire new staff, I am always asked, "What is the requirement for the job?" This is because they notice that our staff come from various backgrounds and countries. I say that there's only one absolute requirement: that you're passionate about policy or politics.

Third is that, collectively, our team has several hundred years of knowledge and experience in dealing with policy issues in Japan. Specialization allows us to focus that knowledge and bring value to our clients in a very specific way. I think those are really the key reasons we have been successful.

**Howard:** One thing I would add is the power of diversity. The power of a diverse team comes not only from different nationalities, but from diversity in every way imaginable. Even though there's that common link—the passion for policy, politics, and government decision-making—there are many aspects even to that. We have people who are former Diet members, former senior officials, diplomats, people with legal qualifications and experience in local government as elected assembly members. I could go on. Everybody on the team brings something different, from the business sector, from civil society, from government itself. It's the ability to harness all those types of people and expertise which is really key for us.

**The power of a diverse team comes not only from different nationalities, but from diversity in every way imaginable.**

### What is one outcome you're particularly proud of?

**Edberg:** We really have thrived on the outcomes where we can see real change, ones that have a practical impact not just for our clients but also individuals in Japan.

What comes to mind first for me is the work we do in the health-care sector, where we really bring new technical solutions to dire needs and help patients gain access to the best international products and treatments. Sometimes these projects don't grab the newspaper headlines, but they result in policy or regulatory changes which really have an impact, of course on our clients but, more importantly, on the people who need those products.

One example is when we worked with the Osaka prefectural governor to secure free HIV testing for anyone in Osaka. This was such a great win-win for the progress of HIV treatment. It means that once you find HIV patients, you can basically keep them on medicines so the disease will stop spreading.

That will lead, of course, to saved healthcare costs and much better quality of life for the patient. This was such an important and significant result, and something that we are very proud of.

### What difficulties have you had not being Japanese?

**Howard:** I think I would go for the opposite approach and say that being a foreigner in Japan—if you speak Japanese, if you know how the system works—can actually be a huge advantage.

And there is, in the Japanese government, a great openness to new ideas and international best practices. So, when we are

working with our clients, we actually have something special to bring to the policymaking process, because we've got that access.

Politicians in Japan have a very, very small staff compared with those in the United States, and to be able to provide examples of what's going on elsewhere—and have it properly thought out—can be a good service.

One of the things that was very satisfying for me, from our very first outreach meetings in Japan, was that our contributions were really welcomed by the government side, and they looked forward to seeing us and what we were working on. So, I wouldn't see it as a huge disadvantage not to be Japanese. Of course, a majority of our staff is Japanese, and they have their own networks and long-standing relationships, and that helps as well. When we need to have Japanese folk there for one reason or another, we can also do that.

### What are some memorable moments of the past decade?

**Edberg:** There are so many things that come to mind. In the very beginning, when we were establishing GR Japan as a concept, we were putting a lot of effort into promoting dialogue between the public and private sectors.

In particular, I remember the many breakfasts that we organized, mostly with politicians or other policymakers. One of the first breakfast meetings we had was with the party leader of Komeito, Natsuo Yamaguchi. At the time, we had just moved to

our offices next to the National Diet Building. His security detail had to come and check the place beforehand, and they were wondering why the party leader would come

to an office that had just two employees. It turned out to be a great event with a lot of questions.

Since then, we have hosted ministers and former prime ministers. We have hosted a lot of important people. But, in the very beginning, it was so obvious that this—a government relations process—is what was lacking, and people were assuming a lot of things about Japanese politics and not really interacting. That we were able to provide that platform—and make a business out of it—is really memorable.

**Howard:** I have gained a lot of satisfaction from working hand in hand with the Japanese government. There have been times when they have reached out to GR Japan to help when they're drafting legislation to introduce new policies, because they recognize us as a voice that represents the international business community in Japan.

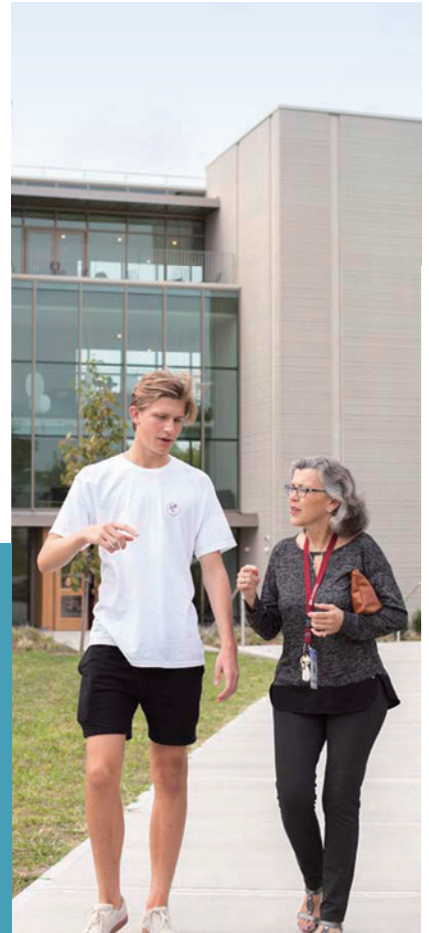


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I remember when we worked for a long time on policies to promote renewable energy in Japan—something we were doing before the tragic events of March 2011 and the Fukushima disaster. It was hard work, and it felt as if we were pushing water uphill in those days. But when the events of March 11 occurred and there clearly needed to be radical changes to energy policy in Japan, we were in pole position.

Based on our clients' deep understanding of what was going on abroad—and our deep understanding of the policy environment in Japan—we could speak about the things Japan could do to promote renewable energy. We had the people holding the pen for the new legislation reaching out to us and asking: How do we do this? How do we do that? They worked together with us and our clients to come up with ideas. It was a great feeling of achievement that we could bring value to the discussion. That's something that is certainly a good memory for me.

#### Where do you think you will be in 2030?

**Howard:** We have a vision, which is warmly embraced by our colleagues, to be the best government relations company in the world. It's a modest ambition. It's something that we aspire to. It doesn't necessarily mean that we take over the world, but we'd like to be recognized as the best government relations company out there.

At the moment, I think what we are seeing is an expansion in the understanding among potential clients across different sectors—even outside the private sector—of the importance of interaction, and then really effective engagement, between government and other key stakeholders. In our next decade, I see a lot of growth as well as the mainstreaming of government

relations as a profession and the recognition that it is a separate discipline. I hope that we can make that dialogue happen.

**Edberg:** I think being the best government relations company in the world is a very clear vision, and we need to always develop and move forward. We have set up a company in South Korea—GR Korea—because our clients asked us for support there similar to what they've got from us in Japan. And we have set up offices in Washington, DC to support our clients' needs to engage effectively in the US–Japan dialogues. There are a lot of conversations happening in Washington that are important also for policy formulation in Japan. We basically go and do what we must to help our clients. That's part of being the best government relations company in the world.

I think we are just scratching the surface of the potential need. As most readers are probably aware, the Japanese government plays a very active role in the economy. This trend is spreading around the world, maybe not because of Japan, but for many other reasons. As governments play a much more important role, it will be even more essential to engage all public-sector stakeholders and proactively communicate the value of the company.

We are in a world that is changing greatly, with regulations, rules, and government intervention becoming more and more critical and important. I believe that, in 10 years' time, government relations as a service is going to be much more mainstream. It is going to be natural for every company to think professionally about how to deal with public policy and how to interact with the government. I'm confident that we will be in the midst of that in Japan, and, maybe, in other countries, if that's where the demand is and where our clients want us to be. ■

#### GR Japan K.K.

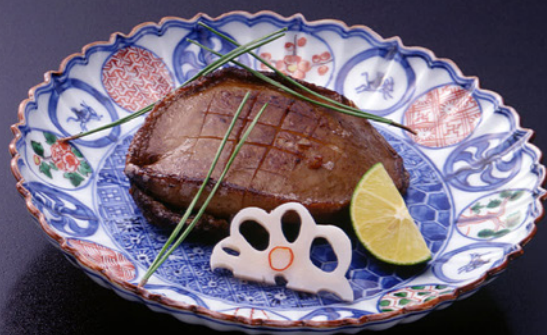
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# CULINARY CONUNDRUM

Traditional Japanese cuisine faces radical post-pandemic change

By Michiyo Nakamoto



NIKKEI  
ASIAN REVIEW

PHOTO: ZENIYA

Hanasato, a high-end Japanese restaurant housed in a sprawling mansion surrounded by lush gardens, has been serving traditional multicourse *kaiseki* cuisine in the suburbs of Yokohama for decades. But on July 19, Hanasato welcomed diners for the last time, ending its 40-year history as a purveyor of traditional Japanese fine dining.

Hanasato's decision to close its doors follows in the footsteps of Tokyo Mimi, a Japanese restaurant famous for its *udon sukiyaki*, which closed its six restaurants in the Japanese capital in May. Zuboraya, a restaurant which has been serving *fugu* in Osaka since 1920, will also shutter its two stores in September.

The three restaurants are among the earliest and most high-profile business victims of the coronavirus pandemic in Japan. But they are likely only the first of many. "I think there will be more closures from now on," said Kotaro Kashiwabara, chair of the Japan Gastronomy Association. "Everyone is saying that many restaurants that manage to survive through July won't make it after August" because of the slow recovery in business, he added.

Japan has fared relatively well amid the spread of Covid-19, with the number of infections and deaths relatively low—63,164 and 1,201, respectively, as of August 25—compared

with regions such as the United States and Europe. Restrictions on social and commercial activities have also been looser than in many parts of the world.

## IRREPARABLE DAMAGE?

Nevertheless, nearly three months after the Japanese government lifted a state of national emergency at the end of May, restaurants continue to suffer from a sharp drop in business amid a mood of *jishuku*, or self-restraint, that has settled over the country.

Restaurant sales dropped 32.2 percent in May, following a 39.6-percent decline in April, according to the Japan Foodservice Association. In particular, high-end restaurants saw a 71.5-percent drop in sales in May. "Survival will be extremely difficult," said Makoto Oshima, owner of Ukiyo, a *ryotei*, or high-end Japanese restaurant that also provides entertainment, in Niigata Prefecture.

While the impact of *jishuku* is being felt across the board in the hospitality sector, there is concern that the damage wrought by Covid-19 could result in irreparable harm to restaurants serving Japanese cuisine, and even threaten the future of Japan's culinary culture.

Depending on how the industry responds to this crisis, "we could lose what should be a very important national heritage," said Shinichiro Takagi, chef-proprietor of Zeniya, a high-end Japanese restaurant in Kanazawa.

Even before Covid-19 landed on Japan's shores, Japanese restaurants were hurting from a steady decline in customers. A survey conducted in 2018 by the Ministry of Health, Labour and Welfare found that only 46 percent of respondents had visited





PHOTO: ZENIYA

The entrance to Zeniya, in Kanazawa

a restaurant serving Japanese cuisine in the previous three years, even though the definition of “Japanese restaurant” included casual eateries serving curry rice and other comfort foods.

### FADING INTEREST

The survey results point to a disturbing trend: While the rest of the world has come to enjoy Japanese cooking, the Japanese are increasingly shifting away from their traditional cuisine.

Prominent chefs and others have been raising the alarm since 2013, when *washoku*, or traditional Japanese cooking, was registered by UNESCO as part of the world’s intangible cultural heritage. The listing means *washoku* “is close to an endangered species,” Yoshihiro Murata, chef-proprietor of Kikunoi, a prominent Japanese restaurant in Kyoto, said at the time.

With Japanese households choosing to eat bread more often than rice, restaurants have been left with a bigger role in passing on the traditions and culture of Japanese cooking. But traditional restaurants—in particular those which rely on *enkai*, or large group dinners featuring traditional performances—have suffered a relentless decline in business due to changing lifestyles and cultural norms.

“Even before [the coronavirus], I felt very strongly that we would have to change our way of doing business,” said Oshima, who is also secretary-general of Hyakunen Ryotei Network, a group comprising 26 *ryotei* with a history of more than 100 years.

Corporate hospitality has declined after a prolonged economic slowdown and social changes, with young people increasingly viewing *enkai* with their bosses to be an encroachment on their personal time.

### DYING CULTURE?

The health risks posed by large gatherings and the need for social distancing in the age of Covid-19 threaten to further undermine the ability of Japanese restaurants to act as preservers of Japan’s culinary culture by forcing them to scale back their operations, if not close their doors.

Tsujitome, a fine-dining Japanese restaurant in Tokyo’s Akasaka neighborhood that has two Michelin stars, reopened in June, but its main business of providing *kaiseki* cuisine for large tea ceremony gatherings has not returned. Although Tsujitome enjoyed strong demand for take-home meals offered during the lockdown, this

hardly made up for lost restaurant and tea ceremony sales, said Ikuko Tsuji, a daughter of the current owner.

Takagi and others believe that *ryotei* and other large Japanese restaurants, which are already under pressure from changing lifestyles, will be the biggest victims of the coronavirus outbreak. If that happens, Japan will lose a crucial platform for passing on the skills and traditions of its culinary heritage, they warn.

To train young chefs, “what is needed is not money or anything else, it is jobs,” said Takagi. Adding to the concern is a decline in culinary students who want to learn Japanese cooking. The most popular course in culinary schools is pastry making, followed by Italian cooking, said Kashiwabara.

The potential loss of skills is not just limited to cooking. Japanese restaurants support a broad base of *sake* brewers, local artisans, performers, and other service providers who rely on their customers. But the sharp drop in business means that restaurants will not be able to buy as much from their favorite ceramicists, or hire workmen to spruce up fading paper screens. If customers do not return, geishas will be out of work and will not be going to their hairdressers or buying new kimonos.

Whether it is traditional cooking, Japanese dance, crafts, or carpentry, “once traditional skills are lost, it is very difficult to revive them,” Takagi said.

It is not just traditional Japanese restaurants that are being forced to rethink their future strategy. The pandemic has deprived even sought-after Japanese restaurants serving innovative and internationally acclaimed cuisine of their main source of growth in recent years: foreign tourists.

“Japan’s restaurant industry has thrived in the past 10 years, and there is only one reason for that—inbound tourism,” said Takagi. With the persistent decline in Japan’s population, tourists are also the main hope for the future of many restaurants.

In the post-coronavirus age, restaurants that had catered mainly to foreign tourists and raised their prices sharply will now have to adjust their business models and price points to appeal to local diners as well, Takagi believes.

“We have to think not just about how to deal with the situation right in front of us, but where we should head in the medium to long term,” he added. “It seems that we are suddenly being forced to do this as a result of the coronavirus.” ■



PHOTO: ZENIYA

The Takagi brothers prepare sashimi at Zeniya.



# STAYCATION

Special offers make summer a treat, near home

After months of staying home and limiting how much we move around the city, the siren call of beautiful, sunny days is stirring the desire for a vacation—preferably afar. With the coronavirus risk still high, it's best to stay in the city this season, but that doesn't mean there aren't relaxing and intriguing getaways on the menu.

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[peninsula.com/en/tokyo/](https://peninsula.com/en/tokyo/)
- RIHGA Royal Hotel Tokyo  
[rihga.com/tokyo](https://rihga.com/tokyo)
- The Ritz-Carlton, Osaka  
[ritzcarlton.com/en/hotels/japan/osaka](https://ritzcarlton.com/en/hotels/japan/osaka)
- Shangri-La Hotel, Tokyo  
[shangri-la.com/jp/tokyo/shangrila/](https://shangri-la.com/jp/tokyo/shangrila/)
- The Strings by InterContinental Tokyo  
[ihg.com/intercontinental/hotels/us/en/tokyo/tyose/hoteldetail](https://ihg.com/intercontinental/hotels/us/en/tokyo/tyose/hoteldetail)
- Swissôtel Nankai Osaka  
[swissotel.com/hotels/nankai-osaka/](https://swissotel.com/hotels/nankai-osaka/)
- The Westin Tokyo  
[marriott.com/hotels/travel/tyowi-the-westin-tokyo/](https://marriott.com/hotels/travel/tyowi-the-westin-tokyo/)





### THE PRINCE PARK TOWER TOKYO

Tokyo may be exempt from the Japanese government's Go To Travel campaign, but The Prince Park Tower Tokyo has some great offers to reduce the cost of your vacation.

Until the exemption is lifted, you can get a free upgrade to a room on the side facing Tokyo Tower, along with free parking for one car. The usual noon check-out time has been extended to 3pm (maximum stay of 24 hours), and you'll find an original 300-piece hotel jigsaw puzzle with storage frame in your room!

Reservations for this plan are limited to Tokyo residents, and you will be asked to present proof of your home address upon check-in.

Details: [princehotels.co.jp/parktower/plan/24hourchallenge\\_puzzle/](https://princehotels.co.jp/parktower/plan/24hourchallenge_puzzle/)

### ANDAZ TOKYO TORANOMON HILLS

Until the end of autumn, Andaz Tokyo Toranomon Hills invites guests to rest and relax with three unique day-use and overnight-stay packages, allowing you to revel in luxury while exploring the local neighborhood.

For a quick indulgence, the day-use plan offers a great chance to feel the Andaz experience, and comes complete with a seasonal Lemongrass Afternoon Tea from the comfort of your room. Overnight-stay plans allow guests to spend a full 24 hours in the hotel, while couples can experience a romantic night-time picnic 250 meters above the city on the rooftop terrace.

Available for a limited time, take advantage of these unique staycation opportunities as you discover a new side of Tokyo. Packages start at ¥30,000.

Details: [andaztokyo.jp/restaurants/en/special/detail/25/](https://andaztokyo.jp/restaurants/en/special/detail/25/)



### HOTEL NEW OTANI TOKYO EXECUTIVE HOUSE ZEN

Executive House Zen is a five-star luxury hotel within the Hotel New Otani Tokyo complex that incorporates the concept of Zen—the true spirit of Japanese hospitality. The 10-acre onsite Japanese garden boasts a history of more than 400 years and features several ancient stone lanterns, scarlet bridges over koi ponds, a stone garden, and a waterfall, as well as a myriad of flowers and rich foliage that bloom or change colors from season to season. While nestled in the heart of this busy city, immerse yourself in the quiet and peaceful ambience that enfolds your stay.

Details: [newotani.co.jp/en/tokyo/stay/exe/](https://newotani.co.jp/en/tokyo/stay/exe/)

## PREMIERING A NEW GENERATION OF LUXURY IN SEPTEMBER 2020

### Limited EDITION Staycation Offer

EDITION Hotels is an unexpected and refreshing collection of individualized, customized, one-of-a-kind hotels. Showcasing the best of dining and entertainment, services and amenities, each EDITION property is completely unique, reflecting the best of the cultural and social milieu of its location and of the time. Conceived by Ian Schrager in partnership with Marriott International, EDITION combines the personal, intimate, individualized experience that Schrager is known for, with the global reach, operational expertise, and scale of Marriott.

Designed by Kengo Kuma, with the vision of Schrager, the Tokyo EDITION, Toranomon, embraces both the authentic history of the ancient city and the modern skyscrapers that have recently revitalized the skyline. Conveniently located near Kamiyacho, Roppongi-Itchome, and Toranomon Stations, the hotel is steps away from Tokyo's best neighborhoods and attractions.

The Tokyo EDITION, Toranomon, boasts 206 guest rooms, including 22 suites with iconic views of the Tokyo skyline. The hotel's design features three restaurants, including a specialty restaurant with an outdoor terrace overlooking Tokyo Tower, farm-to-table restaurant, and lobby lounge, plus three lounge bars, a custom designed spa with six treatment rooms, state-of-the-art gym, and 387m<sup>2</sup> of event space with four meeting studios.



Limited EDITION Staycation Offer includes:

- Daily breakfast for two guests
- One-time Signature EDITION Cocktail for two guests per stay
- ¥10,000 of hotel credit per stay (to be used in restaurants, bars, and spa only)

Contact +81 3 5422 1600 or [info.tokyo@editionhotels.com](mailto:info.tokyo@editionhotels.com) to book your stay.

Subject to availability and some blackout dates apply. Not available to groups or conventions of 10 or more rooms, or in conjunction with other promotional offers.

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## PULLMAN TOKYO TAMACHI

Discover Tokyo from the waterfront! Collaborating with Tokyo Water Taxi, Pullman Tokyo Tamachi is offering several accommodation packages that let you enjoy a private cruise of Tokyo Bay for an exclusive price.

Experience the charm of the canals and waterside areas of Shibaura and Tamachi, in Minato Ward, and feel the stress of recent months fade away. It's an especially great summer vacation for those living in Tokyo, without the need to travel outside the city!

Room and tour for two people from ¥32,400 with breakfast or ¥27,000 without.



Details: [pullmantokyotamachi.com](https://pullmantokyotamachi.com)

## MESM TOKYO, AUTOGRAPH COLLECTION

Nestled between the beautiful waterfront and historic Japanese garden, mesm Tokyo aims to inspire and mesmerize guests with its distinctive personality based on the TOKYO WAVES concept. Get mesmerized by our original fragrance when arriving at the hotel, the view of Tokyo Bay and Hamarikyu Gardens from the lobby, and even the digital piano furnished in all guest rooms.

Animate your stay with our Bistronomy-style French cuisine at Chef's Theatre, where the sounds of cooking from the open kitchen heightens the senses as you savor the delicious creations of our culinary team.

Get mesmerized with your five senses at mesm Tokyo.

Details: [mesm.jp/en/](https://mesm.jp/en/)





## HOTEL AZABU TEN

If you're looking to carve out a little solitude, and be kind and generous to yourself during this stressful time, look no farther than hotel azabu ten's "But first, Me" concept. Designed for the individual as a place to spend some quiet and revitalizing time alone, the compact hotel offers rooms in 10 elegant color schemes that help you feel the changing seasons and the beauty of the Japanese spirit.

But relaxing spaces aren't the only thing on offer, as hotel azabu ten is also known for its food—including a *katsu* sandwich that many say is to die for. To help those looking to limit their excursions right now, they are launching a new delivery service called Totanuki al la maison. Totanuki is going above and beyond the local requirements to ensure health and safety, and that extends to their delivery and takeout menus. Of course, the quality and deliciousness of the cuisine has not changed a bit!

Totanuki al la maison delivery is available from 11:30am to 8pm. ■

A10  
hotel azabu ten



Details: [hotel-a10.com/totanuki/en/](https://hotel-a10.com/totanuki/en/)



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Japan policy updates translated  
from *Keizaiikai* magazine

# DIET DAILIES

## MINISTRY OF FINANCE

### DIGITAL BUDGET IMPACTS GOVERNMENT

One positive side effect of the coronavirus pandemic has been an acceleration of efforts to digitalize society. But while the government has been promoting this shift, its own deficiencies have been exposed—and it was Minister of Finance Taro Aso who pointed out the state of affairs.

At a June 26 press conference, he complained: “The prime minister’s residence is the worst in terms of the state of its communications. Trying to get through to them is awful. The sound is always cutting out.”

Noting that communications problems occurred frequently during online conferences held between the ministries and agencies, Aso said, “Considering the corona emergency, the prime minister’s residence should prioritize fixing this problem.”

Ironically, some are blaming the government’s slow move to digital on Aso’s Ministry of Finance, which has kept a tight rein on its investment budget.

This has created delays in payouts to businesses affected by the coronavirus, greatly impacting people’s livelihoods. Of the government’s ¥57.6 trillion adjusted budget for 2020, only about ¥590 billion—barely one percent—was earmarked for digital-related expenditures. While this includes a ¥229.2 billion infusion for the Global and Innovation Gateway for All—or GIGA—School Plan, which aims to provide each student with their own device, and ¥50.1 billion in subsidies for fiber optics installation in schools, the sense of government frugality remains pervasive.

Of the initial ¥102.6 trillion budget for 2020, about ¥700 billion—less than one percent—was allocated for digital, a considerably lower percentage than the 1.8 percent the United States has set aside for 2021. China, by contrast, has allocated the equivalent of ¥4 trillion just for its information and communication technology infrastructure.

One young Diet member of the ruling party expressed his concerns: “It’s no laughing matter that the circuits at the prime minister’s official residence are often down. Its countermeasures against cyberattacks are also worrisome. I wonder how the government would deal with this situation.” People are watching to see what happens with the 2021 budget.

## CABINET OFFICE

### MOVE TO STAMP OUT HANKO GATHERS STEAM

Japan’s distinctive culture of *hanko* (personal stamps) is being singled out as the new normal takes shape, and the government’s Council for Regulatory Reform is seeking changes to the system. The requirement of *hanko* has also been seen as an obstacle to teleworking, and calls are growing to revise business practices and implement reforms that are more conducive to a digital world.

During an Economic and Fiscal Advisory Council meeting at the Prime Minister’s Office on June 22, a Diet member pointed out that “digital technology has not permeated to the point that it can be used on a regular basis for administrative, business, or daily living.” He raised the custom of using *hanko* as one example and called for reforms.

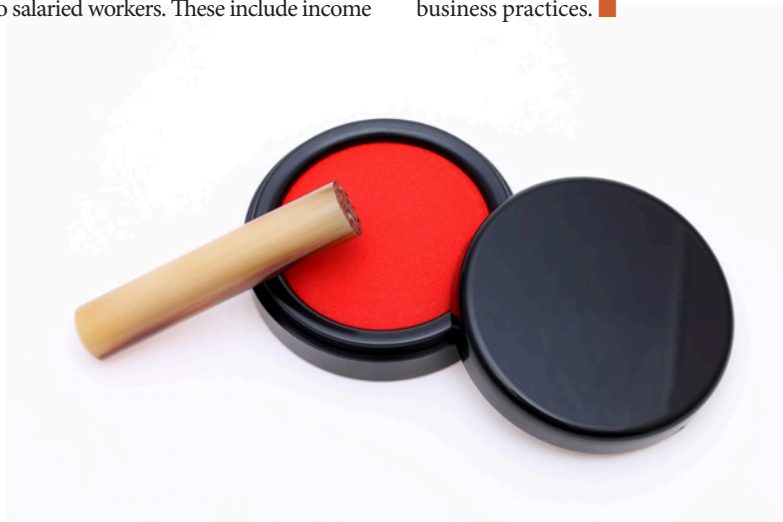
Among the emergency measures adopted in response to the coronavirus pandemic, a number of subsidies have been made available to salaried workers. These include income

supplements and company-arranged baby-sitters. A *hanko* is required to apply for many of these, and often it is necessary to visit your employer to obtain the necessary forms and then go to local government offices—things that clash with the advisories to stay home and avoid enclosed spaces.

Electronic signatures that utilize encoding technology are under development as a substitute for *hanko* but, under the current legal system, no regulations exist that will assure security. Companies are, therefore, reluctant to accept them on the grounds that they lack a legal basis.

To deal with this, Prime Minister Shinzo Abe has instructed various ministries and agencies to reconsider such practices as requiring *hanko*, face-to-face meetings, or in-person submission of documents. The Council on Economic and Fiscal Policy will be exploring what is viable on a systematic, step-by-step basis. The ministries and agencies are expected to review what will be necessary and make recommendations for revising the laws by the end of this year.

In most countries, the general procedure is to obtain a person’s signature, and the practice of personal seals is uncommon in advanced economies. Personal seals originated in China but, with advancements in reproduction technologies, they can be easily forged, making them a poor means of verification. Shachihata Inc., a leading manufacturer of *hanko*, has been bolstering its electronic services and Japan—taking the corona crisis as an opportunity—has begun to modernize its archaic and insular business practices. ■



The ACCJ thanks its

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Their extensive participation provides a cornerstone in the chamber's efforts to promote a better business climate in Japan. Information as of September 1, 2020.

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