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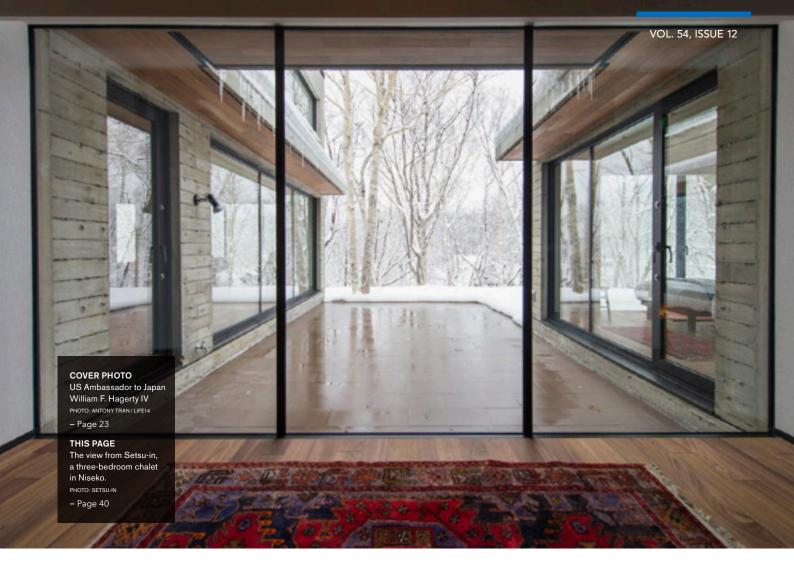
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BUILDING BRIDGES

Christopher Bryan Jones chris@custom-media.com

Our December issue of *The ACCJ Journal* brings you an exclusive interview with US Ambassador William F. Hagerty IV, who arrived in August and has already been busy strengthening the relationship between our two countries. We also explore lifestyle topics heading into the holidays and recap this year's successful Women in Business summits.

MAN ON A MISSION

Former US Ambassador Caroline Kennedy's departure in January marked the beginning of a long wait for the next envoy to arrive. Tennessee native Hagerty has now filled this important post, and he is one of our own: a former member of the American Chamber of Commerce in Japan (ACCJ).

In addition to serving as the highestranking US representative to the country, Hagerty has also eagerly accepted the role of Honorary ACCJ President. On page 23, we sit down with him at his residence for an exclusive interview in which we discuss his love of Japan, the importance of diplomacy, the key role the ACCJ plays in US–Japan business relations, and his goals for the future of the bilateral relationship.

NORTHERN EXPOSURE

Japan's slopes offer some of the world's best snow, but a global downturn in winter sports tourism has caused concern in Hokkaido. On page 40, we talk to local resort operators and industry experts about government initiatives to boost the allure of the region and increase the number of inbound skiers, and why Southeast Asian investors see prime opportunities on Japan's northern island.

GRAPE GAINS

To warm up after a day on the slopes, you might enjoy a glass of Cabernet. But should you save it instead? Wine is becoming a popular alternative investment for those looking to diversify their portfolio, so on page 36 we talk

to experts about how to choose vintages with the best potential to increase in value and how to maximize your return.

WOMEN IN BUSINESS

The ACCJ's efforts to bring change to the workplace and open doors to women leaders got a big boost this year through the annual Women in Business Summit. Highly successful events were held in Chubu, Kansai, and Tokyo, and beginning on page 8 we have extended coverage of all three. From Mayor of Yokohama Fumiko Hayashi to 3M Japan Limited President Denise Rutherford, find out what this year's lineup of all-star speakers had to say.

There's much more in this issue, including final words from outgoing President Christopher J. LaFleur (page 7), who has guided the ACCJ with great skill and passion over the past two years. We hope you enjoy this issue, and wish you the happiest of holidays and a wonderful start to the new year!

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FROM THE BOARD

An Honor to Serve



By Christopher J. LaFleur ACCJ President

s my second term as president of the American Chamber of Commerce in Japan (ACCJ) comes to an end, I want to offer a brief review of what we—working together—have been able to accomplish these past two years. This period has been both exciting and challenging, but I believe that we have emerged with our Chamber substantially strengthened. I am pleased to report that we have:

- Contributed to the substantial progress of structural reform in Japan through multiple advocacy recommendations (including on financial services, healthcare, women's health, and structural reform), and enhanced advocacy activities
- Helped play a constructive role in launching the new US-Japan Bilateral Economic Dialogue
- Strengthened our advocacy impact in Washington by raising the level of our delegations and engaging professional support
- Improved governance and communication by realigning our Board of Governors, Executive Committee, and Leadership Forum meetings, and by launching Town Hall and the Presidents Council meetings, a gathering of presidents emeriti.
- Accelerated growth of women's leadership by adopting our "30% by 2020" goal for the Chamber's women leaders, and mandating every possible committee to promote at least one woman to a leadership position
- Ensured our smaller and medium-sized member firms are benefitting more fully from our advocacy program by establishing the Venture Company Task Force
- Strengthened our communications by modernizing our information systems and website, and by rebranding our magazine
- Established clear and transparent policies to manage our
- Launched the initiative put forth by the Membership Relations Advisory Council Working Group to better serve our increasingly diverse membership and to ensure our longterm financial stability
- Expanded our programs engaging the most senior executives of our member companies to bolster our advocacy and member commitment
- Adopted new guidelines for additional services to enhance participation by our Japanese members
- Secured progress on key tax issues important to sustaining the commitment of foreign businesses to Japan

- Initiated a ground-breaking internship program
- Supported major events by our chapters, notably the great success of last year's ACCJ/NIS Chubu Walkathon and Kansai tourism roundtables

Our efforts to strengthen our Chamber have been recognized and rewarded in the best possible way: rising membership. We achieved the highest membership in our history—3,430—and an all-time high of 92 Corporate Sustaining Member companies.

While much has been accomplished, clearly there is more we can do to ensure that our Chamber fulfills its mission to be the most influential and respected voice for international business in Japan. Going forward, we need to:

- Maintain our strong advocacy on behalf of a constructive, forward-looking US-Japan economic relationship that expands business opportunities for both countries, strengthens our two-way partnership, and raises standards across the Indo-Pacific region
- Encourage the Japanese government's leadership on the Trans-Pacific Partnership with the other 10 partners while urging that US companies operating from those countries enjoy equal treatment
- Move forward on the outstanding recommendations from our Membership Relations Advisory Committee and its working groups to ensure that we can meet the increasingly varied expectations of our growing membership and strengthen our financial base
- Enhance the engagement in Chamber work of major member CEOs—the great value they bring to our advocacy, networking and member engagement is clear
- Continue expanding US company membership not only in our three chapter cities, but across Japan
- As the US Government continues to encourage greater Japanese investment at home, encourage more of those same Japanese companies to also become ACCJ members and work even more closely with major Japanese business organizations on shared concerns

If we continue advancing in these areas, I believe our Chamber can further expand its impact on business conditions in Japan, enhance the opportunities for our members' businesses, and help reinforce the strong US–Japan relationship. It has been an honor and a privilege to serve as your president these past two years, and I look forward to continuing to work with you to make our Chamber even stronger.

WIB Summits 2017

Tokyo, Kansai, and Chubu chapters highlight women in business

By Maxine Cheyney



he topic of women in the workforce is certainly gaining traction in Japan. Since last year's American Chamber of Commerce in Japan (ACCJ) Women in Business (WIB) Summits, many businesses have begun making the changes necessary to create more diverse and inclusive work environments and tapping into the female population.

The conversation was given new life at the WIB Summits in Chubu (July), Kansai (September), and Tokyo (October), with the range of companies, keynote speakers, and attendees a testament to the progress made and potential for change.

The summit's opening sessions included speeches from Mayor of Yokohama Fumiko Hayashi (Tokyo); President of Proctor and Gamble Japan K.K. Stanislav Vecera (Kansai); and President of 3M Japan Limited Denise Rutherford (Chubu).

WORK-LIFE

A constant underlying theme—and one crucial to changing wider corporate culture in Japan—was work-style reform. Creating a workplace that is more palatable to women was also addressed as a key mechanism.

Speaking to *The ACCJ Journal* about the Kansai summit, Nuala Connolly, chief of staff in the CEO Office at AIG Japan Holdings KK, commended the range of speakers from companies spanning many industries that are championing various initiatives taken in their approach to work–style reform.

"There were some good ideas shared, and it underlined the very powerful shift that is going on across all areas of business in Japan in reassessing the workplace and how to attract and retain talent," Connolly explained.



A core focus at the Chubu summit was lifestyle reform and the role of male champions of change, a discussion that found its way into many sessions at the Tokyo summit.

About the key focus of the Chubu summit, Nao Geisler, president of the Geisler Group Inc., said: "This year's theme was delivered by a panel of male champions of change, and an outstanding list of speakers and presenters from around the globe. Our keynote speaker, 3M Japan Limited President Denise Rutherford, provided both theory and practical knowledge on the need for, and benefits of, a more diverse Japanese corporate culture."

Creating a more diverse workplace requires the work of both men and women, and this was highlighted at all three summits.

The Tokyo summit held a breakout session titled "Ikuboss and Ikumen: How Diversity Benefits Men and Organizations, Too." The term *ikuboss*, new to many, encompasses the role of male business leaders in providing a place for employees to have a healthy work–life balance and achieve their career goals.

Speakers shared their companies' efforts to introduce programs related to caring for the elderly, flexible work schedules, and paternity and maternity leave as ways to address the needs of all staff.

"I am a husband, I am a father, and I choose to spend my days working for IBM," Zane Zumbahlen, vice president of human resources at IBM Japan, Ltd. said. Talking about the efforts made at IBM to support women in the workforce, he said, "We've built up an environment where we can move strong, powerful, and capable women through it."

Natsuko Yasuhara, senior manager, Learning & Effectiveness/Diversity, Human Resources at Eli Lilly Japan K.K., who attended the Kansai summit's plenary session "How You Can Make a Difference—Personal Perspective," said that regular work practices, such as having lunch sessions instead of drinking parties in the evening, must also be addressed.

And the idea of fairness is another key point that was mentioned at the Kansai summit by Chika Hirata, statutory executive officer and senior vice president, chief legal officer at MetLife Insurance K.K.



However, changing work culture is difficult, and Makoto Kawai, who attended the session "Addressing the Influence of Culture on Work Style Reform" at the Kansai summit, highlighted the cultural complexities that exist when it comes to work culture. "Learning about the difficulty of changing cultures—especially changing social culture—is time-consuming, [and] the session made me realize, again, the challenges of changing work style."

WORK AGAIN

For many women, returning to the workforce is difficult, and insufficient childcare options—a serious problem in Japan—exacerbates the situation. The challenges of leaving the workforce to raise children—and then returning—was discussed during the Tokyo summit breakout session "Returning to the Workforce: Changing Internal and External Perceptions, the Benefits of 'Off-Ramping'."

Miwa Tanaka, co-founder and co-CEO of Waris Co. Ltd. said, "Off-ramping really makes it difficult to rejoin the workforce so, in order to keep working, you should set your work style according to the stage of your life." She mentioned remote working, managed workloads, and freelancing as options.

Moderator Cynthia Usui asked the panelists whether being a housewife is a legitimate option for a woman.

The panelists agreed that it is a matter of choice and depends on the life stage of each person, and that the role of a housewife should not

be diminished. As Sachiko Izumi, statutory executive officer, senior vice president, and head of risk management at MetLife Insurance K.K. said, "Your smallest society is the family unit and contributing to the family unit means you are contributing to society."

FEMALE FUTURE

But how far are we from achieving parity? For Ryann Thomas, partner at PwC and co-chair of the ACCJ Women in Business Committee, this is by no means the tip of the iceberg.

"No matter how often we repeat the discussion, there continues to be inherent unconscious bias in many areas of the Japanese corporate environment," she said. Training needs to continue, and the demands for concrete solutions will mold further WIB summits.

At the Tokyo summit, Thomas highlighted two topics: an ageless workforce and building your brand. "These new topics proved very popular, and we are planning to take them forward outside of the summit to address the positive response from summit attendees."

"Building Your Brand: Creating a Memorable Professional Identity," featured a lively discussion about the lack of a personal brand among Japanese employees—particularly women.

Jin Montesano of LIXIL Group Corporation suggested: "Be a star. Be something that you are excellent at. Be something and strive for that [and] learn and develop your skills in those areas." Montesano is LIXIL's chief public affairs officer, executive officer, and senior managing director.

This idea of focusing on specific skills is one the panelists believe is important. Erika Irish Brown, global head of diversity and inclusion at Bloomberg L.P., said: "You should know what your online presence looks like, because that is definitely part of your personal brand. You should Google yourself."

Confidence and help from both female and male mentors are key. At the Tokyo breakout session "Ageless Workforce: Profile of an Employee

c.2030," Helen Bentley, vice president at global strategic communications company Finsbury,

Looking ahead, businesses and individuals need to take it upon themselves to implement change, and management within organizations needs to show their support.



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stressed "mentors need to invest in the younger generation." Mentorship and role models are key mechanisms in instilling confidence in women in the workforce.

Merle Aiko Okawara, chairman of JC Comsa Corporation, added: "The mentor–mentee relationship is a two-way street. It cannot only be one-way . . . you have to realize that everyone who you would want to be a mentor is very busy. So, you need to think what can you offer the mentor."

REWARD CHANGE

Evidence has proven that companies which embrace diversity and create an environment of inclusiveness reap the rewards in business.

But it was suggested at the breakout session "Inequality in HR Systems: How Not to Maintain the Status Quo" that many companies in Japan are not ready for more women or new generations in the workforce. Kats Sugita, head of HR at Microsoft Japan Co., Ltd., said, "One big topic is that our managers are not ready to respond to the fresh generation, and they still believe female employees don't want to be promoted.

He later added: "Business leaders have to understand how important diversity and inclusion is, and if business leaders and top leaders are really not open to new initiatives, I think it is almost impossible to make any changes. I think diversity and inclusion is a cultural thing and a leadership thing—strong leadership is really needed."

DIVERSITY AND INCLUSION

Janelle Sasaki, executive director of gender brand, marketing and communications at EY Advisory and Consulting Co., Ltd., said that diversity and inclusion is not just an HR initiative, it is also a business strategy. "By being diverse and inclusive, we can tap into the human potential. We can become innovative and impact the bottom line. So, we need both inclusion and diversity to be successful in Japan."

Ultimately, it is the company's responsibility to ensure that employee needs are met. David Nichols, president and representative director at State Street Global Markets (Japan) said, "The company is responsible for trying to figure out what is important to their employees, and making sure to see if they can give them the opportunity to make that happen."

NEXT STEPS

Looking ahead, businesses and individuals need to take it upon themselves to implement change, and management within organizations needs to show their support. Nadine Slater, founder and executive coach at leadership advisor Excel with Purpose explained: "It doesn't matter where an initiative starts. From one particular employee to the board, it makes no difference. It needs to be well-lived and supported by management, and it needs to be communicated well."

The summits are showing more results, and are growing as a platform for further conversation. Makiko Tachimori (Fukui), president at Harmony Residence Inc., a recruitment company for women, certainly feels the positive impact of the summits.

"We had some great feedback from the attendees, which gave me courage and positivity to move forward, not giving up what I am challenging now, and relief to know there are women making progress."













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- 1 Elio Orsara (founder of Elio Locanda Italiano) speaks at "Networking & Passion Investing: Gourmet Pizza & The Case for Investing in Cheese," an Alternative Investment Subcommittee event held at Pizza Strada in Azabu-juban on November 13.
- 2 From left: Kansai Women in Business Committee member Helen Hwang and Chair Mary Anne Jorgensen; US Consul General Karen Kelley; Chief of Staff, CEO Office at AIG Holdings KK Nuala Connolly; and ACCJ Executive Director Laura Younger at the Women's Networking event Bella Nova Night #15 at the AIG Osaka office on November 17.
- 3 David Case, chair of the Intellectual Property Committee, with Ann Marie Buerkle, acting chairman of the U.S. Consumer Product Safety Commission, at a meeting with ACCJ members on November 14 at the Hilton Tokyo Odaiba.
- 4 In the ninth Installment of the ACCJ's popular "Conversation With" series, Barilla Japan K.K.
 CEO Antony Strianese discussed business strategy with Independent Business Committee Vice Chair Steven Bleistein at Tokyo American Club on November 15. The event was co-sponsored by the Independent Business Committee and the Italian Chamber of Commerce in Japan.
- 5 From left: Women in Business Committee Chair Nao Geisler; Chief of Staff, CEO Office at AIG Holdings KK Nuala Connolly; and Women in Business Committee member Mary Kaber at the event Navigating Your Career at Hilton Nagoya on November 8.
- 6 The ACCJ/NIS Chubu Walkathon fund presentation ceremony was held at the Nagoya International School on November 2. The ACCJ-Chubu Walkathon Committee will give ¥6.75 million to Chubu charities and ¥1.5 million to the Chubu Children's Fund. PHOTO BY ANDY BOONE

UPCOMING EVENTS

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- DECEMBER 2 Charity Ball—Welcome to Miami
- DECEMBER 9
 Christmas Charity Lunch at Shooters (Chubu Event)
- DECEMBER 14
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apan has positioned itself as a leader in medical innovation, U but to hold that position and move advancements beyond the lab requires continued investment. On October 31, Eli Lilly and Company Chairman and CEO David A. Ricks spoke at Tokyo American Club to members of the American Chamber of Commerce in Japan about his company's investment in local medical research.

US-based Eli Lilly, a global pharmaceutical company which develops and sells medicines to treat diabetes, cancer, and other diseases, has made significant investment in Japan, including upgrades to its manufacturing site, the addition of a development center, and construction of a new head office in Kobe. Ricks emphasized the critical role that Japan plays in the company's mission, and how confident he is that the country will spearhead progress in biomedicines.

He also shared his opinion on how to leverage the benefits of medical innovation and the policy environment that he believes is necessary to sustain that innovation.

ECONOMIC IMPACT

"Japan has an aging population," Ricks said, "and one major consequence of this according to [global management consultant McKinsey & Company] is that the demand for medical care in Japan is on course to triple from 2005 to 2035." And while aging is also expected to reduce labor productivity and slow economic development, he believes wise investments in healthcare can save the country.

Ricks explained that new medicines to address countless unmet medical needs could have a dramatic and positive impact not only on the quality of human life but also the capacity of healthcare systems to meet growing demand.

According to one study, new treatments that delay the onset of Alzheimer's disease for five years could save the US government \$140 billion in healthcare costs by 2030. And research conducted by Columbia University spanning 30 countries found that the introduction of new medicines saves at least two and half times the cost of paying for innovative treatments.

Regarding economic growth, Ricks pointed out that—in Japan—the pharmaceutical industry alone accounts for 10 percent of the nation's private sector investment, and this contributes directly to the country's economic growth.

POLICY CHANGES

Ricks raised the point that, while the potential of pharmaceutical science is greater than ever, the wall for developing innovative medicines is also much higher. For example, the cost of development per medicine has skyrocketed from \$300 million in the mid-1980s to more than \$2 billion today. Even more challenging is the shortened lifecycle brought about by

innovation. The period during which pharmaceutical companies can sell new medicines before they are replaced is shrinking, making drug development riskier.

"Japanese leaders recognize the importance of encouraging medical innovation," Ricks said. "Our company appreciates the progress we have seen under Prime Minister Abe's leadership."

The key major progress is the reduction of approval times, he explained, saying it is now possible to launch new medicines in Japan and bring innovations to patients more quickly, making Japan a true partner in the process of simultaneous global release.

He also said the industry welcomes improvements to the pricing system that create greater price stability in Japan.

THE FUTURE

Looking ahead, Ricks highlighted one of Eli Lilly's goals: to eradicate Alzheimer's disease by 2025. "We strongly believe that the first person that will be cured of Alzheimer's is alive today," he said, adding that Eli Lilly will work closely with regulators and policymakers to support innovation.

"The more than 20 years of experience I have in this industry tells me that we can do this, we have done this, and—for the sake of the patients here in Japan—we must do this." ■



Jennifer Wooden is a writer at Custom Media, publisher of The ACCJ Journal

Amy Jackson, John W. Carlson III, and Patrik Jonsson present speaker David A. Ricks (center right) with a certificate of appreciation.





Information

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... So was I once myself a swinger of birches.

And so I dream of going back to be.

It's when I'm weary of considerations,

And life is too much like a pathless wood

Where your face burns and tickles with the cobwebs

Broken across it, and one eye is weeping

From a twig's having lashed across it open.

I'd like to get away from earth awhile

And then come back to it and begin over ...

-Robert Frost, "Birches"

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In collaboration with Howard Lamar Fine Art, Silverbirch is proud to support the ACCJ Charity Ball 2017

Looking Back at 2017

By Barbara Hancock

he Charity Ball committee works throughout the year to plan one of the largest annual events held by the American Chamber of Commerce in Japan (ACCJ). We usually start out focusing on which charities we will support, working closely with the ACCJ Community Service Advisory Council to identify them.

In recent years, we have received input from more members, and we like to think that we are making a real difference in our local community. Through the years that we have been a charity event, we have helped—and continue to help—the homeless, abused, and neglected. We have assisted families, men, women, and children in various ways, as well as provided mental health services, assistance to those fighting cancer, and help for areas recovering from natural disasters.

MAKING IT FUN

While these causes are a big part of the annual Charity Ball, the event is also our biggest social gathering. And with that in mind, we endeavor to create an evening that—we hope—is fun, exciting,

and memorable. After picking a theme, decorations and entertainment follow, and we are happy to listen to ideas from ACCJ members on what they would like to see at the Charity Ball.

To try to involve more of the ACCJ membership in our fundraising efforts and raise awareness of the Charity Ball, we initiated our annual wine tasteoff some years back. This event gives members a chance to choose the wine we will serve at the Charity Ball. With the help of several vendors—and a price point that fits our budget—this event has continued to be popular.

HELPING HOUSTON

One of the events that we added this year was a fundraiser for Houston, TX's recovery from Hurricane Harvey.
One of our committee members,
Lori Hewlett, is a Houston native, and this was something she was passionate about doing. The Charity Ball Committee and the ACCJ supported this effort.

Organizing a fundraiser on short notice presents logistical issues, but with the help of Tony Evans from fundraising group Charity Bar, we were able to secure a location and a price point that made sense. From there, we worked on sponsorship and were fortunate enough to enlist the help of Little Texas, a small bar in Meguro, with the help of its owner, Grace, of country dance group Dancing Texas.

With their great help—and the support of our Japanese friends who are passionate about all things Texas—we were able to raise ¥400,000 for Houston on the evening. A few weeks later, we were invited to Little Texas to receive an additional ¥183,000 raised by the good people of Dancing Texas, bringing the total raised to almost ¥600,000! The funds were sent to local organizations in Houston and along the Texas coast.

The experience of seeing our local Japanese community show such strong support for Houston was really an inspiration, and speaks to why we feel that the Charity Ball—our effort to give back to our host country—is a very important part of the ACCJ's community outreach.

Barbara Hancock is chair of the ACCJ Charity Ball Committee.







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Science For A Better Life

Tourism and Integrated Resorts

UKG and ACCJ leaders meet for panel discussion

By Steve Iwamura

he Union of Kansai
Governments (UKG) is a
statutory entity covering
the prefectural governments
and the designated cities of
Osaka, Kyoto, Kobe, and Sakai.
For the past several years, the
Kansai chapter of the American
Chamber of Commerce in
Japan (ACCJ) and UKG have
engaged in annual panel
discussions centered on the

ACCJ's "One Kansai" Viewpoint, foreign direct investment (FDI), development of global talent, and diversity. Last year, the focus of the ACCJ–UKG panel discussion was Kansai tourism and the World Masters Games 2021 Kansai.

With Kansai's tourism continuing to grow and reaching all-time highs, this year's ACCJ-UKG panel—Tourism and Integrated Resorts (IR)—was held at The Ritz-Carlton Hotel, Osaka.

UKG panelists were: Toshizo Ido, UKG president and governor of Hyogo Prefecture; Akimasa Yamashita, UKG vice commissioner and vice governor of Kyoto Prefecture; and Seiji Hamada, UKG vice commissioner and vice governor of Osaka Prefecture.

ACCJ panelists were: Christopher LaFleur, ACCJ president and senior director at McLarty Associates; Jason Hyland, president of MGM Resorts Japan LLC; and Christopher R. Clark, general manager of The Ritz-Carlton, Osaka.

The panel discussion, organized by the ACCJ–Kansai External Affairs Committee and chair Akio (Arthur) Matsumoto, was moderated by Steve Iwamura, special advisor at ACCJ–Kansai and partner at Deloitte Touche Tohmatsu Group, and Takeo Mori, chief executive officer of Kansai Tourism Bureau.

EYES ON KANSAI

Osaka is now being mentioned in Las Vegas industry media as the likely



front-runner for the first IR in Japan. Representing a potential investment in Kansai of \$5–8 billion, how can such an investment and the future of tourism in Kansai be discussed without the inclusion of IR operators? The ACCJ–Kansai felt this was important, and the UKG agreed to include MGM Resorts Japan.

The UKG panelists acknowledged the ambitions of Osaka Prefecture and Osaka City to host Japan's first IR, and expressed their support. Questions were asked about countermeasures for gambling addiction, which were addressed by Hyland.

BENEFITS

With more than 95 percent of Japan's FDI concentrated in the Greater Tokyo Area, an IR investment in Kansai would help the region share in the benefits. Various ideas on how to build upon existing tourism success stories were shared. For example, an IR coupled with Universal Studios Japan (USJ) in Osaka would further enhance Osaka's reputation as an entertainment destination.

USJ, owned by New York-based NBCUniversal, is now the fourth largest theme park in the world. With 14.5 million visitors in 2016, it is ahead of Tokyo's DisneySea, which welcomed 13.46 million. And that's nearly double the 8.09 million who visited USJ's

sister park, Universal Studios Hollywood, in 2016.

A CLEAR MENU

Looking from the outside in, panelists pointed out that Kansai needs to invest in communicating a global tourism brand, presenting a regional menu of experiences to potential visitors, and ensuring that these experiences are

enjoyed, conveyed, and repeatable.

Government officials on the panel explained that tourism is not just about visitor quantity, but also diversification, higher spending, spreading the economic benefits to the regions, and balancing sustainability for both residents and tourist.

Panelists agreed that, to accomplish this, the future of tourism in Japan will require specialists, IT know-how and investment, funding, and—most of all—collaboration.

To reach the next stage, Kansai will need more money than self-funding and hotel taxes can provide. An IR is not only a great investment that can synergize tourism in Kansai, it is also a potential source of collaboration and funding that would benefit the Kansai region as a whole.

The ACCJ is committed to improving the international business environment in Japan. As the country considers IRs and how these developments could support the greater tourism strategy, dialogues like this one are essential to ensure that the private sector is able to provide practical input into the policymaking process.

Steve Iwamura is vice-chair of the External Affairs Committee, ACCJ-Kansai special advisor, and partner with Deloitte Touche Tohmatsu.

Bridging the Generation Gap

A live encounter between Japanese Millennials and HR professionals

By Francesca Madden



apanese workplace culture tends to separate Millennials from their older employers and colleagues. To bridge this gap, the American Chamber of Commerce in Japan hosted an event on October 30 at Tokyo American Club that brought together a panel comprising Millennials and HR professionals to discuss today's workforce issues.

Moderator Thomas Shockley, president and CEO of DocuMonde Inc., opened the discussion by saying that nomunication—the practice of drinking as a way of bonding with colleagues—is a dying thing in Japan.

Claudette Byers, chief HR officer at MetLife Insurance K.K., agreed, citing the move to other multi-generational activities such as *hanami*, bowling, and other sports.

SHARP AND BALANCED

Millennials agreed that good company culture now comes first, and that work—life balance is very important. "We need a little bit of everything: work—life balance, good career path, and high salaries," said Chiaya Hasegawa, who works in the IT consulting and technology division of Tokyo-based recruiter en world Japan Co., Ltd.

When asked to compare each other's generations, the HR professionals were quick to praise the Millennials.

"The speed of design and thought is so much stronger," said Zane Zumbahlen, vice president of HR at IBM Japan. "It moves faster. It's more cohesive, collaborative, and synergistic. It's better. The quality of thought is a little more innovative and strategic."

Byers added: "What I like about the younger generation is the flexibility that they have. If one says, 'Let's try something different,' they are not scared to

do so. Older generations are more set in their ways."

EXCITEMENT AND FLEXIBILITY

It seems that both generations have equally high expectations. The Millennials recognize essential areas in which companies must excel to attract and retain younger employees.

"Excitement. Millennials like excitement. We are pretty impatient. We want constant changes," said Hoyumi Yashiro, a consultant at EY Advisory & Consulting Co., Ltd. "Opportunities motivate us. We like challenges."

"Flexibility. Especially as a woman, I want a more flexible style of working," agreed Hasegawa, who more generally wants companies to focus on "making the working environment more enjoyable."

Shigenori Funabiki, a sales planner at BMW Group Japan, said that he expects the company to have the right evaluation system. "Sometimes you have to stay in one position, although you can do a lot more. You have to stay in your position just because you are young."

SPEAK UP

"You really should give us your opinion. You shouldn't be held back," said Byers, who admitted that it is easy to be held back in Japan.

Both HR professionals acknowledged the need for Millennials to break the generational barriers in Japan, where younger employees feel unable to share opinions and new ideas.

How does one do this? According to Yashiro, a casual and friendly environment is key.

Many worry that their ideas may not be good or may not work, but Zumbahlen said this shouldn't stop you. "Failure is good. From failure, you learn so much; so don't be afraid to make the mistakes."

Byers cited another important point: "I think there's a trust element to it. If the individual knows that you're going to back them, then it's a safer environment to speak up."

MENTOR MILLENNIALS

Mentorship was a key theme throughout the panel's discussion. As a closing question, Zumbahlen asked how they could help Millennials become leaders of the future.

"Mentorship. We need more connections," replied Yashiro. "Younger people value connections within the company. If you feel more connected you're more motivated."

Hasegawa agreed: "I have a really good mentor. He is a work mentor and a personal life mentor. He's not too close, but not too far."

Taking personal responsibility to develop skills beyond what is taught in school is important, according to Funabiki. "I don't think any universities in Japan teach any skills for work," he said.

This is where mentorship can play a critical role, supplementing the work experience being gained and helping Millennials put that experience to good use.

The discussion highlighted how, through dialogue, Millennials and older management can come together to create a better work environment for everyone, and one that leads to better business results.

Francesca Madden is a writer at Custom Media, publisher of *The ACCJ Journal*

Digital Divide

Tap into Millennial minds for better innovation

By Ann Cheung and Anna Maruyama, co-chairs of the Young Professionals Forum

rtificial intelligence (AI) is the simulation of human intelligence processes by computer systems and other machines. These processes involve the acquisition of data, rules for using such data, reasoning of such rules, and abilities to self-correct.

At present, Japan holds more AI patents than any other country. However, policymaking has yet to catch up with the rapid technological developments in robotics. For example, Japan's existing copyright and patent law does not cover AI-produced or machine-invented creations.

There are also legal implications as to who is liable for the acts and omissions of AI and robots. AI and robots are often operating in connected environments, which result in increased cybersecurity and hacking risks. There are questions as to how liabilities of manufacturers, owners, and users should be allocated for acts and omissions by robots and AI.

A potential solution to the complexity of allocating responsibility for damage caused by increasingly autonomous robots could be an obligatory insurance scheme. If your company is procuring AI systems or consultancy from third parties—or is offering AI services—it will be important to give clarity in the agreements to the parties' intentions regarding ownership, licensing, exploitation, and product, as well as other potential liabilities.



DIFFERENT PERSPECTIVES

With the rise and advancement of AI, Millennials—those born between the early 1980s and early 2000s, called *yutori-sedai* in Japanese—are increasing their presence in Japanese society. This generation has grown up in an era of rapid technological advancement. As a result, a large portion of this generation is referred to as "digital natives."

Millennials perceive new technology differently from older generations. It is common that Millennials accept new services or tools while older generations find this technological difficult to use.

If Japan could utilize its resources and technology, there is great potential for the country to reinvent itself. To achieve this objective, Japan must acknowledge the changes it is facing. Creativity and innovation will never be achieved if we close our eyes to what is in front of us.

Millennials and technology grew side by side. This generation has an inherent ability to leverage their skills and knowledge to use emerging technology to realize better outcomes for business and society. But it is widely acknowledged that Millennials are underutilized in the Japanese workplace, despite their will to engage and collaborate with other generations.

Breaking down the barriers is not easy, but if we institute mechanisms to increase collaboration, the future of Japan is bright.

The Young Professionals Forum (YPF) features peer-led programs, monthly mentor forums, training, and networking activities that provide a value-added platform for young professionals, helping them create new connections with peers and senior business leaders. The YPF aims to build professional skills, deepen understanding of the US-Japan bilateral relationship and the ACCJ, provide meaningful information exchanges, and create opportunities for young professionals to thrive inside and outside the ACCJ.

This generation has an inherent ability to leverage their skills and knowledge to use emerging technology to realize better outcomes for business and society.

These companies join *The ACCJ Journal* in welcoming the new US Ambassador, William Hagerty.

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FOR **COMPANY**AND **COUNTRY**

Former ACCJ member William Hagerty returns as US Ambassador to Japan

By C Bryan Jones
Photos by Antony Tran

Ambassador Hagerty with his dog, Crosbie

For William F. Hagerty IV—the top US diplomat in Japan—arriving in Tokyo on August 17 was a homecoming. Not only did he spend three years working here for the Boston Consulting Group from 1988 to 1991, he was also a member of the American Chamber of Commerce in Japan (ACCJ). Now that he has settled into his new role, *The ACCJ Journal* sat down with the Tennessee native to discuss security, diplomacy, and the importance of the US–Japan relationship.

What did you miss most about Japan?

I feel like I never really left. I stayed in constant contact with my friends here and traveled here. For four years, I worked as the Secretary of Trade and Commerce in my home state of Tennessee and did a tremendous amount of business here in that context. So, in many ways, I never left; but the wonderful opportunity for me is to bring my family here and share the country with them. I think it is going to be a great experience for them, and I know it is going to be a wonderful experience for me to be back here.

I understand that you are a fan of sumo. Have you made it to any matches since returning?

Over the years, I've taken my wife and my two boys to the matches when we were visiting; but I took the entire family just a few weeks after we arrived, when the matches were on. The most fun part was to be with the great American sumo wrestler, Musashimaru. We sat next to him and he gave us a blow-by-blow, hold-by-hold commentary. It was just terrific.

What did your daughters think about their first sumo experience?

They are aware of it because the boys have talked about it constantly since they saw it for the first time, so my daughters weren't surprised at all. They've Googled it and they've seen YouTube videos, but there is nothing like being there. And it's not just a sport, it's an art form, too. The cultural aspects of it and the ceremony are a lot of fun.

Speaking of sports, what do you see as the economic potential of the Tokyo 2020 Olympic and Paralympic Games?

I think it's a terrific opportunity for Tokyo and for Japan. If you think about the past couple of decades, the economy has taken a major turn; and in the past several quarters we've seen a nice uptick. I feel a great sense of optimism in the country, and my belief is that it is a wonderful opportunity to showcase the future for Japan. There couldn't be a more attractive and

modern city than Tokyo, and it's a wonderful time given the economic travails of this country to be able to look to an optimistic future. So, I think it is wonderful from a timing standpoint. My sense of the direction of the economy now is that the trajectory is better than it has been, and this will be a very nice way to amplify that and communicate to the rest of the world that Tokyo, and the nation, are looking toward a new era.

There is one more economic benefit that I want to mention. That's the direct economic benefit that I hope America sees here, and that is to bring a lot of "gold" back to our home country. I'm looking forward to that.



Are there any lessons Los Angeles can learn from Tokyo as it, too, prepares to be a repeat Olympic host in 2028?

I think there is great opportunity for learning there and I am sure that all eyes will be on Tokyo from the United States Olympic Committee. We're actually staffing up at our embassy to help accommodate the greater traffic of US citizens in the sporting community, and we think there will be a tremendous amount of flow back and forth and—as you suggest—there will be many lessons to learn.

Foreign direct investment is an important topic in Japan, and the Japanese government aims to double it inward to \\ 35 trillion by 2020. Why do you feel it is so important?

I certainly know this story firsthand, and I've worked on it in both directions, too. When I lived here before, we were largely focused on inbound foreign direct investment. It was much more challenging then. I think [Prime Minister Shinzo Abe] has opened the door and really encouraged more companies on a global basis to come and invest here.

I have pledged to him and to the US administration here that we are certainly going to do our part to get American companies to invest in Japan. I think it is good for American companies in terms of opening new markets for their products, and keeping them innovative and competitive.

If you don't compete globally, your competition winds up coming to your doorstep—and that often isn't good. What I'm optimistic about, as well, is that the opportunity for increased foreign investment from Japan to the United States has never been better. There's a tremendous amount of cash built up on the balance sheets of Japanese companies and, if you look at market attractiveness across the world, the United States is relatively more attractive than most other places one might invest.

My optimism is even greater now, seeing the deregulation underway in the United States. This administration is making a huge effort to try to come back and clear out some of the sclerotic regulatory structures that have been in place for years and years, take away some of the conflicting aspects of the regulatory regime, and really try to make the regulations accomplish their intended purpose in a more economical and simple fashion. That will increase the ability to yield a return on capital, and I think it will also make our home country easier to do business in.

At the same time, I'm optimistic about the potential for tax reform in the United States. As we look at our country on a relative basis, our corporate tax rate is the highest in the world. I have a feeling that's going to change in a positive way and, again, that will enhance the return on investment for anyone investing in the United States, and Japanese investors will certainly benefit from that.

Overall, what happens in very virtuous cycles is that capital investment begets jobs, more jobs beget more economic activity, and more economic activity begets the need for more capital investment. So, it's a very virtuous cycle, and the more investment we see between Japan and the United States the greater both of our economies become.

Today, Japan and the United States together comprise about one-third of the world's GDP, and I think that we will continue to be a strong combined force. We have over \$400 billion in Japanese foreign direct investment in the United States, and about \$100 billion in US investments coming this direction, and they both will continue to increase.

Is there anything you saw in how Tennessee attracted Japanese investment that could help Japan understand how to attract more US foreign direct investment?

One thing that is certainly true in the United States—and I think can be true as well in Japan—is that the engagement of the state in local leadership really does a great deal to pull through investment. We just had an event here at my home last night with [Tennessee Governor Bill Haslam] and his full economic development team—inviting all their foreign direct investor partners over—and they really do work hard where the rubber meets the road to help Japanese companies understand the intricacies of doing business in the United States, helping them deal with the regulatory framework and making certain that they land in a way that's going to be constructive.

The concern that comes up more often today than, I would say was the case, certainly 10—even five—years ago is the availability of a talented workforce. In the United States, we've got a big challenge in terms of the readiness of our workforce because the jobs that are coming today are high-skill jobs that require a certain sort of technical proficiency. The same holds true for Japan.

I know in my home state—and I'm certain the same is true in yours—there is a very deliberate effort, working with the community college systems with the technical schools, to really get the type of training that these companies need. I've seen much more direct engagement between the companies and the educational system to try to help them get specific competitive training programs in place. I suspect workforce training will be an increasingly important factor for Japan as well.

I was speaking with several companies last night that were complimentary of what we have been doing in the United States, in terms of helping them get job-specific training, so that they have the technical support and capacity that they need.

There was a significant gap between the departure of former US Ambassador Caroline Kennedy and your arrival, which concerned some. Can you explain the importance of your post and of diplomacy in today's world?

The thing to remember is that the structure that's in place always deals with the fact that there is a change in our leadership.

So, when Ambassador Kennedy stepped out, our Chargé d'Affaires Jason Hyland stepped in and did a terrific job of managing efforts and affairs for the United States.

We had a very seamless transition from Jason to Rob Rapson to now Joe Young, who recently joined as my deputy chief of mission, and my sense is—even though I understand the concerns—that we have maintained a very strong presence here even in the absence of a formal ambassador. The process certainly could benefit from a little tightening, but that's just the nature of Washington.

I'm very pleased to be here, and I think you will be relieved to know that I'm in regular contact with the chargé d'affaires in South Korea, Marc Knapper, and Terry Brandstad, our ambassador in China. The three of us stay in regular contact and work on a regional basis to make certain that we are staying aligned—exhibiting the right tonality, if you will—and we all are in constant communication with Washington.

And the fact that Marc Knapper is the chargé d'affaires as opposed to the ambassador, while it may make a difference in the minds of the public, it doesn't make any difference from an operational standpoint in terms of how I work with him or how the rest of the embassy works with him.

North Korea poses an increasing threat. How important is the US-Japan alliance today and how should it evolve to ensure peace and mutual benefit?

What we all know is that—over the past two decades plus—there has been dialogue and payment activities that have gone on between Japan, the US, South Korea, and North Korea. The six-party talks . . . a lot of time and effort went into that. The one thing that has been constant through all of it is that the North Korean regime never stopped their efforts to develop a nuclear weapon.

We've gotten to the point where the leadership there is on the precipice of developing something really horrible, and our administration said that the time for dialogue and the time for bribery has stopped. We're going to set that aside and we're going to focus on diplomatic measures—specifically sanctions at the United Nations (UN).

My colleague Nikki Haley, US Ambassador to the UN, has worked very hard, and I think delivered a great deal in terms of bringing the rest of the world along with us on the Security Council, and increasingly stepping up the sanctions with the





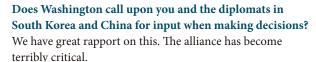




support of all members, including Russia and China. Where we are today is a 30-percent restriction of the importation of oil into that country. That's going to have an effect.

It's not devastating to the people of North Korea—our objective isn't to hurt the populace of North Korea. Our objective is to demonstrate to the regime they need to come into compliance with the UN sanctions, they need to live by world norms, and they need to denuclearize—we want to see the entire peninsula denuclearized, so their activity needs to come to an end in that area. Those pressures have been very systematic and deliberate, and that's diplomacy at work.

And, again, I admire Nikki for the great job that she is doing. I think you should know that all of us here in the region are working hard to support that effort.



I have had the benefit of observing it over two decades, and I have never seen it stronger. It's stronger for many reasons, but I think this most immediate threat in the region has really forced a tremendous amount of activity between our mission here in Japan and the Government of Japan, between counterparts back in Washington with our counterparts here. Secretary of State Rex Tillerson and Secretary of Defense Jim Mattis were here very early, Secretary of Commerce Wilbur Ross and Secretary of Energy Rick Perry have been here, and General Joseph Dunford, who is the chairman of the Joint Chiefs of Staff, has visited as well.

We've had a tremendous amount of connectivity at the highest levels of the government in the United States with the government here in Japan, and I'm in contact with all levels of the Japanese government in my role as ambassador.

So, the alliance—in my opinion—has become ever stronger, and it continues to be rock-solid. You've probably heard me say it before, but the bonds are the strongest they've ever been. I think that we'll continue to see complete lockstep in the alliance in terms of our view towards security in the region.





Hagerty still has the April 1991 issue of The ACCJ Journal, in which he appeared.

What role does the US-Japan relationship play in maintaining peace and prosperity as regional geopolitics regarding China evolve?

I don't see anything changing the value or the importance of the alliance between the US and Japan. I have said often and I will repeat it: I think ours is the most important bilateral relationship in the world. If I think back to when I was in Japan in 1990, one of the biggest differences from that time to today is the influence of China in the region.

Their economy has moved at a rapid pace, their influence in the region has grown dramatically, and they are a very different economic force than they were at that time, exerting influence in multiple directions.

They also have a very large market. Japan has dedicated a lot of assets to that market, as has the United States; so there is a tremendous economic connection there. There's also a tremendous trade deficit there that has been an annoying problem. That's something that's also been persistent with Japan—Japan is our second-largest deficit—but, by far, the largest trade deficit the US has is with China. So, yes, their role and influence has changed significantly. If you poll people in the United States, you get a different set of perspectives depending on what industry might have left town or what retailer they like to visit the most. People have

different perspectives on that, but the role of China has become significantly greater in all our calculations.

Do you feel there is a benefit to the US in being part of a revised Trans-Pacific Partnership?

I think that it was clear through the course of the 2016 election that neither party's candidate was going to support the Trans-Pacific Partnership, and that it was not something that America was going to be a part of in 2017. President Trump kept his promise and withdrew from that arrangement. His focus is on making sure that our trade agreements are fair and free and reciprocal. What we're striving for on a bilateral basis is just that kind of result. So that's where our efforts are going to be focused, and I think there has been a very clear communication from Washington, and certainly for me here, that our focus is a bilateral—and therefore more enforceable—relationship.

ACCJ President Christopher J. LaFleur presents Hagerty with a group photo from the welcome luncheon.



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Are there any sticking points that you think might be difficult to overcome in the US-Japan economic dialogue?

We haven't gotten to the point of identifying issues that we feel have too much sensitivity or create too much friction. I'm not saying that we might not have points of disagreement—I would frankly expect that there would be points of disagreement, as that's the point of sitting down and trying to work through issues—but it's hard for me to gauge right now the Japan-side priorities. Until we've spent more time across the table from one another, I don't have as good a sense for it as I'd like to have to give you a perspective on what areas might be most contentious.

There is so much for you to deal with. What is a typical day like for the US Ambassador to Japan?

Every day, our team is focused on three things. Our top priority is the security of this region. Very close to that is deepening the economic partnership with Japan. Then, the third priority, is deepening our cultural or people-topeople ties—so-called soft diplomacy.

That part of it might be the shared love we have of a given sport, such as sumo, which I like, or bringing a professional golfers' association over here. Prime Minister Abe and I gave a kickoff toast for that great golf match. And in September we held an event to celebrate the first ever Japanese winner of the Indianapolis 500. That sort of shared appreciation for things that we both love is something that I want to celebrate.

I'm from Nashville, Tennessee— Music City, it's called. I would love to see more music diplomacy take place—a shared love of music that we can highlight here as part of our mission in Japan. We'll be looking for opportunities leading up to the 2020 Olympics. I think there will be many other things that we can do in the sports arena. My background certainly speaks to that, and I think you'll see a lot more of that sort of activity.

Tell me more about music diplomacy.

It's an industry that actually is thriving where I'm from and the aspect of the industry that really does well is live performance. I have a number of friends in the industry that I have spoken with already, and would like to see more American performers come here. And if there are ways to help Japanese performers go to America, I think we know the way to help them get channeled into the right place.

That's a fun and interesting way to share culture. And if you think about how many people tell you that they have learned English through our songs, it really is amazing. Not only will we have fun, but it helps to build that foundation of friendship that supports partnerships and alliances that are critically important from a strategic standpoint.

We hear a lot of different things about Donald Trump. What is he really like?

He is a person that has immense compassion for people. He also is a very demanding boss. He expects results. He's not a product of Washington, he is not a professional politician. I think that sometimes takes the traditional policy establishment in Washington by surprise. It may sometimes catch the media off guard that he's someone who speaks in a very direct fashion and wants to see results. So, it's interesting to see somebody who has been able to connect so strongly with the voting populace. And, in a way, that has frustrated many who are accustomed to different means of communication with that group.

I was speaking with the governor of my home state earlier this week, and he said that President Trump enjoys a 70plus percent approval rating in the state. So, I think he is

> touching and reaching a vast number of Americans in a format and in ways that are just different, and what we are seeing is an evolution yet again of how political leadership speaks to the populace.

I think we are seeing that the transformative aspects of change are sometimes difficult for people to understand or accept at the time; but we're moving through a transformation in terms of how political leaders speak directly to voters. I think that might be uncomfortable for the traditional means of either media communication or for policy leadership, but I think people are coming to understand that it's the new way.



I think [US-Japan] is the most important bilateral relationship in the world.

Do you have any final messages for the business community and the ACCJ? It's a terrific honor for me to be back in

Japan and to be an alumnus of the ACCJ—and to come back in the role of honorary president.

That's a wonderful honor for me, but I believe it is a tremendous obligation, too. I feel an obligation to the American community here. I want you to know that security is our number-one priority, and the security of Americans here is my top job and our embassy's primary focus. We talked about the desire to deepen the economic relationship here. Looking out for American interests in that regard is job number one. And if we can do it in a way that is fun and enjoyable, sharing our mutual love of many things in this culture, that's a great win for us all.

I view your membership—our membership—as an extension of our diplomatic effort. I know what it's like to have lived here and to have my Japanese friends and colleagues come to ask me, "Why is America doing this?" or "Why does America believe that?" It really does force you to: 1) be a better American, because you have to reflect on the norms of our society; and 2) be an "unofficial diplomat." And so, I want to stay in close and regular contact with the membership and let our membership know that I appreciate the role they all play in diplomacy for the United States here in Japan.



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US PRESIDENT DONALD TRUMP **IN JAPAN**

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TPP 11

Multilateral trade pact could set tone for other deals

By Shotaro Tani



When Japanese Minister of Economic Revitalization Toshimitsu Motegi walked into the press briefing room at the International Media Center in Danang, Vietnam, on November 11, his expression told many stories. One of them was of fatigue, as was to be expected after the intense negotiations on the Trans-Pacific Partnership (TPP) trade pact held in the central Vietnamese city. There was also relief, as Japan had been instrumental in the 11 remaining members reaching a broad agreement on a renegotiated version of the TPP.

Above all, however, there was determination—a sentiment echoed in his comments to reporters. "During the four months of negotiations, we saw many times the member states clashing over details," he said of talks among the TPP 11, as the remaining members are known. "[But] we all shared the determination of establishing a free and fair 21st-century rule in Asia–Pacific, the center of global growth, and that is why we have been able to reach an agreement."

The accord, reached on the sidelines of the Asia–Pacific Economic Cooperation meeting in Danang, is a major achievement. The group worked hard to salvage the TPP after US President Donald Trump pulled the United States out of the agreement at the start of this year. Particularly significant is the fact that the TPP 11 agreed on a new multilateral deal practically in front of Trump's eyes—a deal that could well shape the tone of future global trade negotiations.



ONE VS. MANY

Trump's message in Vietnam was clear, and delivered in his usual straight-talking style. "I will make bilateral trade agreements with any Indo-Pacific nation that wants to be our partner and that will abide by the principles of fair and reciprocal trade," he said in his speech at the APEC CEO Summit on November 10. "What we will no longer do is enter into large agreements that tie our hands, surrender our sovereignty, and make meaningful enforcement practically impossible."

Trump regarded the TPP as the epitome of the latter type of agreement, and Washington's exit from the pact in January left some of the remaining nations questioning the point of pushing on with negotiations. But determination among the

member states to establish the TPP as a high-standard "trade deal for the 21st century" won out. The new agreement was reached in just four months, an unusually short time for trade negotiations.

Only 20 provisions from the initial 8,000-page TPP were suspended as

part of the new agreement. Among the many key elements left untouched were provisions regarding the free flow of data related to e-commerce transactions and agreements on eliminating tariffs.

"The results reached at Danang will facilitate trade development and promote more effective economic integration," Vietnamese Industry and Trade Minister Tran Tuan Anh said at the November 11 press conference. "All members reached [an agreement] on a number of important basic matters, such as maintaining a high-quality TPP which meets the benefits and interest of all members."

The member states will look to sign the deal in 2018. It would take effect by 2019, assuming it is ratified by at least six member countries.

KNOCK-ON EFFECT

The potential economic impact of the new deal is admittedly much smaller without the United States. The TPP 11 accounts for only 13.5 percent of the world's gross domestic product and 15.2 percent of global trade volumes, compared with 38.2 percent and 26.5 percent, respectively, with the United States on board. But regional businesses are welcoming the deal.

"The TPP . . . is expected to connect Vietnam's textile companies to larger markets," Vu Duc Giang, chairman of

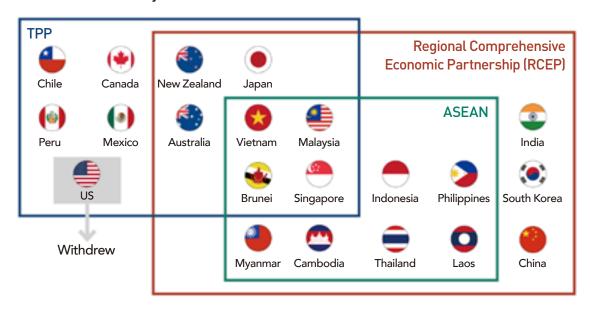
Viet Tien Garment and the Vietnam Textile & Apparel Association, said. "[The trade deal] is going to create a more diversified market for many other industries . . . [and] this is one of the good signs for garment exporters and producers."

Frederick Burke, managing partner at the law firm Baker & McKenzie Vietnam, shares this optimism. "The impact will still likely be

substantial, and that is why businesses in the region who are not from the TPP 11 countries also support it," he said. "A rising tide lifts all boats, and the growth will create opportunities for other trading partners as the TPP 11 economies grow."

The deal also has implications beyond the short- and long-term economic impacts. First and foremost, it breathes new life into multilateral trade negotiations just when the impetus seemed to have been lost after Washington's about-face on the TPP. Japan and the Southeast Asian members were also wary of trade negotiations in Asia becoming a tool in the regional

Frameworks of major Asia-Pacific trade deals



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power struggle between the United States and China. The new TPP agreement, which does not involve either of the two giants, will give the signatories a stronger hand in future trade negotiations with Washington and Beijing.

And that is not all. "The agreement on the TPP could have the effect of prompting other trade negotiations to use the deal as a benchmark" for setting rules, said Keisuke Kobayashi, deputy director of the Asia and Oceania division of the Japan External Trade Organization (JETRO).

The first trade negotiations where such a knock-on effect may come in to play are for the Regional Comprehensive Economic Partnership, or RCEP. The 16 participating nations have agreed to continue talks in 2018 with more frequent discussions on both the ministerial and working-official levels.

The key differences between the TPP and RCEP trade pacts are their scope and their standards. Burke of Baker & McKenzie said the new TPP—which the members now call the Comprehensive and Progressive Agreement for Trans-Pacific Partnership—is still a "progressive agreement reflecting the state of the art in international trade and investment" even after the suspension of 20 provisions. The RCEP, on the other hand, is a more "traditional" trade agreement, he said.

China, a key member of the RCEP, has lately been paying much lip service to the idea of free trade and high-level trade pacts such as the TPP. "Openness brings progress, while self-seclusion leaves one behind," Chinese President Xi Jinping said in a speech immediately following Trump's. "We should support the multilateral trading regime," he proclaimed, adding that "the building of a free trade area of the Asia-Pacific is a long-cherished dream of the business community in our region."

But the RCEP "is more about China increasing its influence over the rest of Asia" than bringing economic benefits to the region, according to Gareth Leather, senior Asia economist at Capital Economics. As China has already lowered its tariffs on imports from most Asian countries, there is little incentive for the world's second-largest economy to open up even further on nontariff measures.

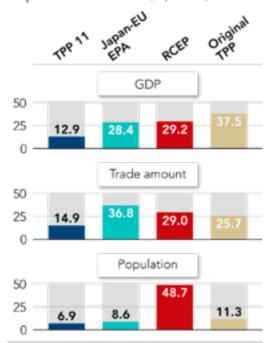
There are also potential hiccups for the new TPP, which still needs to be ratified domestically by its signatories. Any backlash at home could again weaken the impetus for multilateral trade. Countries such as Canada still have reservations about the basic agreement reached by the TPP 11 ministers. "There has been a lot of progress made," said Canadian Prime Minister Justin Trudeau at the November 11 press conference, "but there is more work to do."

The strength of the multilateral trade framework will also be put to the test once Trump begins his bilateral negotiations with Asia–Pacific nations. Traditional trade deals such as the RCEP—whose membership includes some of the TPP 11—may also add pressure. The Asia–Pacific nations may have succeeded in reigniting the flame of high-standard, multilateral trade pacts when they met in Danang, but the fight to keep it burning has only just begun. ■

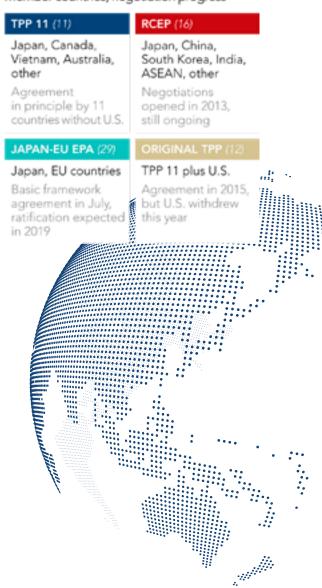
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Comparison of key Asia-Pacific multilateral free trade agreements

Proportion to world total (in percent)



Member countries, negotiation progress





"Good company, good wine, good welcome can make good people," wrote Shakespeare in Henry VIII. But can wine make a good investment, too?

Wine connoisseurs need no convincing of the merits of their favorite beverage. Yet, the latest data reveals fine wine is outperforming both traditional and luxury investments including art, cars, coins, and jewelry.

Helped by the resurgence of France's top Bordeaux wine chateaux, investment-grade wine delivered a sparkling 24-percent gain in 2016, according to The Wealth Report 2017 by real estate consultancy Knight Frank LLP.

Fine wine comfortably outpaced the nine-percent increase for luxury cars, which placed second in the Knight Frank Luxury Investment Index.

In contrast, more mainstream investments posted generally lower returns. While the benchmark US S&P 500 Index rose 9.5 percent in calendar 2016, Japan's Nikkei Stock Average eked out a mere 0.4-percent gain. US bond funds rose around five percent for the year, while bank deposits offered negligible returns with interest rates near zero in much of the developed world.

The mixed returns of such mainstream assets have spurred investors to seek alternatives with higher risks, but also potentially greater rewards.

ASSET CLASS

On October 10, members of the American Chamber of Commerce in Japan (ACCJ) and guests learned the value of one such alternative investment—fine wine—at a networking and "passion investing" event hosted by the ACCJ's Alternative Investment Subcommittee.

While collectors might store wine for personal consumption, funds such as London-based Amphora Portfolio Management Ltd. (APM), an award-winning fine wine investment service, are seeking to make fine wine a legitimate alternative asset class.

"The top one percent or so of fine wine—that which improves with time in the bottle—is produced in painfully limited quantities. As each bottle of a particular vintage is drunk, supply diminishes," explained APM Director David Jackson.

"At the same time, the combined impact of increasing consumption in new markets such as Hong Kong, China, and elsewhere in Asia, and the natural process of the wine improving over time, increases demand.

"This heady combination of decreasing supply and increasing demand puts upward pressure on the price of the underlying asset over time."

APM compares this to the demand for luxury goods such as handbags, which can easily be produced in greater quantity if demand rises. In contrast, "fine wine can be used and enjoyed just once."

Jackson also described wine as akin to a mini-stock market, due to the range of producers around the globe offering their product over multiple vintages.

"Unlike, say, gold or oil with their single homogenous price, with wine you don't simply diversify into the asset class; you further diversify within the asset class itself," he explained.

"Addressed wisely, this can be utilized to manage risk. It also facilitates an active management approach enabling investors to outperform the indices."

For fine wine, the London-based Liv-ex market offers a range of indices that investors can use to track performance. According to Liv-ex, as of October 31, the top performer was the Liv-ex Fine Wine 1000 index, comprising seven subindices that include wines from France's Champagne, Bordeaux, and Rhone regions, along with Italy and the rest of the world.

The index was showing a five-year return of 33 percent and a one-year return of 10.5 percent, with wines from Burgundy and the rest of the world (Australia, Portugal, Spain, and the United States) particularly strong performers.

APM has a "quantitative" approach to wine investing, which seeks to outperform the Liv-ex 50 Fine Wine index. It also points to the benefit of its UK-regulated bonded warehouses in assuring storage and provenance (origin), with investors maintaining title of ownership.

For those considering wine investment, APM suggests that "balanced, risk-adjusted portfolios" should comprise a



minimum of £10,000 (\$13,100), although investments can start from £2,000.

DRINK INTO KNOWLEDGE

Along with wine funds, wine investors can seek the comfort of exchange-traded investments by buying wine-related stocks. Other options include wine futures, which require buying large amounts of pre-reserved wines through middlemen—although the wine may

not be available for up to two years.

However, a more personal method of mixing business with pleasure is starting an individual wine collection.

An avid wine collector and longtime American resident of Tokyo told *The ACCJ Journal* that inexperienced buyers seeking a collection should start small and "drink their way into knowledge."

"I wouldn't start in a region but would start with a particular grape, or couple of grape varieties—let's say six different Chardonnays, capped at \$50 each—and then explore the regions," he said on condition of anonymity.

"You might do some legwork, go to a shop where you have a good relationship with the seller, and try to drink your way into knowledge. Try and avoid doing what many of my friends have done, in trying something and really liking it and then buying tons of the stuff. Your tastes can change, and there may not be a secondary market for the particular wine."

For serious collectors, he said having documented provenance is crucial due to the risk of fraud, as is professional storage and transport.

Fortunately for collectors, Japan offers the benefit of "super diligent" importers along with retailers which are generally fair. "They're not gouging you, nor do they say, 'Sorry, you're not a great customer so you only get one bottle.' If it's on the shelf, it's yours for the taking."

He added: "One of the things that Japan generally does not do is take their stock and mark it to market. When the 1990 Bordeaux hit the market here, there was a department store selling Chateaux Latour and Chateau Margaux—both fabulous wines going for ridiculous prices in the United States—but they were at original release pricing here. Friends of mine and I bought everything they had. It's a wine we can drink for the rest of our lives quite happily."



Jenifer Rogers, said wine investing should be treated like other alternative investments.

"I've drunk a lot of wine in my life and know what I like . . . [but] it's more a passion than an investment. For me, it would be a very low percentage of my overall investments, probably not even a percentage point. When I invest in such things that are more speculative, I like to keep it within a range where I can sleep at night," said Rogers, Asurion LLC's general counsel for Asia and vice-chair of the ACCJ Alternative

Investment Subcommittee.

APM admits that wine, like any traded commodity, "can go down in value as well as up."

This was seen in the Liv-ex market, which enjoyed a bull run from around 2005 due to the burgeoning demand from China, only to suffer a major correction in 2012 until it started growing again in 2015.

Counterfeiting scandals have also rocked the wine world, including the so-called "biggest wine hoax in history" perpetuated by Rudy Kurniawan, which inspired the 2016 film *Sour Grapes*. Said to possess "the greatest cellar on Earth," Kurniawan was given a 10-year prison term in New York for relabeling cheap wine to appear as high-end bottles that sold for tens of millions of dollars.





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ACCJ members learned how to choose wines for investment at the October 10 event.

However, Ernie Olsen, managing partner at consulting firm OCC K.K., suggests that wine can be an attractive investment "if you invest in the right wines, from the right vintages, store them properly at all times, and can prove the provenance of the wines."

"New winemaking techniques and winemakers are expanding the range of choices and possibilities. This means

there are opportunities to find the new 'wine gurus' that will be popular in the future and whose wines could therefore make good investments," he said.

Australian wine writer James Halliday argues that the golden rule of wine investing is to

"only buy wine that is known and appreciated by the wine community. If it seems to be a bargain, there's likely to be a flaw that isn't immediately obvious: bad storage is a prime example," he wrote in *The Australian* newspaper on September 2.

Halliday also states that "white wines seldom gain value with the ease of red wines . . . Shiraz, be it from cool, temperate or warm regions, is everyone's favorite."

GROWTH POTENTIAL

With alternative investments now including everything from pop star David Bowie's prints to antique jewelry, whiskey, and venture capital, fine wine likely will gain a growing following—particularly as demand increases in Asia and emerging economies.

Japan is also seeing growth in the wine market, mainly

thanks to an increase in demand from working women. Consumption has swelled 50 percent since 2006 to an average of 2.4 liters a year per capita, and is projected to grow by one-third through 2020, according to global market intelligence publisher Euromonitor International.

"As the world population grows and people have more of an appetite for special things, fine wine in particular should benefit, especially with the appetite created by the Chinese and Indians for wine investment," Rogers said.

"My friends and I were joking that it's a good retirement plan. If you lose everything else, at least you can still drink it." ■



Inexperienced buyers

way into knowledge.

seeking a collection should

start small and drink their



At the start of December, with snow already falling across Hokkaido, resorts that have a reputation for the best powder on the planet are welcoming dedicated skiers and snowboarders from around the world.

And while those who rely on this annual influx of snow aficionados are reporting brisk business once again, the winter sports industry has seen a downturn in recent years.

In an effort to reverse that trend—and to strengthen the international allure of the nation's slopes—the Japan Tourism Agency (JTA) is undertaking initiatives starting in December.

The projects are designed to encourage children at elementary and junior high schools to take up snow sports, and to increase the number of foreign instructors

and ski tour guides working in resorts. Funds will be provided through organizations comprising of local governments, tourism associations, and operators of ski resorts across the country.

DOWNWARD SLOPE

According to the JTA, the number of people who listed skiing or snowboarding as a hobby in 2015 came to 7.4 million, down significantly from a peak of 18 million in 1998.

There are many reasons for the steep decline, not least of which is an aging society. Fewer young people, shrinking disposable income, the relatively high cost of winter sports, and a wider selection of leisure activities all play a role.

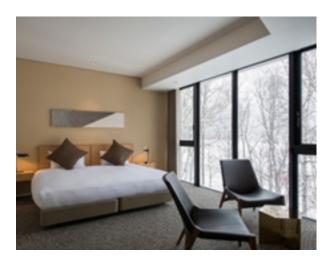
The JTA's strategy includes reaching out to winter sports fans overseas. And while the Australians long have been in the know about resorts in Hokkaido, such as Niseko, Rusutsu, Sahoro, Furano, and Asahidake, the agency wants to appeal to new markets.

A growing, wealthy middle class in China is one target, to whom the quality of the accommodations, shopping, cuisine, and cultural experiences are being emphasized alongside the impressive slopes. Meanwhile, tourism officials from Hokkaido took part in the annual Ski & Snowboard Show in London in September.

"Clearly Japan's winter sports scene is not as extensive as [that of] North America or Europe, and it can be expensive and take time to get to Japan for anyone who does want to ski here," said Cynthia Usui, chair of the American Chamber of Commerce in Japan (ACCJ) Tourism Industry Committee.

"But the travel industry knows that, and groups such as the Japan National Tourism Organization (JNTO) have, in recent years, become much more savvy in their marketing efforts," she told *The ACCJ Journal*.

Attracting all but the wealthiest and most adventurous winter sports fans from long-haul destinations will always be a challenge, Usui said, but there is far greater potential in markets that are geographically closer. "I have heard that there is huge demand, which cannot presently be met, for Chinese-speaking ski guides in all resorts in Japan."



OFF THE PATH

Usui believes that the JNTO's efforts to encourage foreign visitors to get off the traditional Golden Route—Tokyo, Kyoto, and Osaka—should be supported.

"Even as recently as five years ago, Japan was not a hugely popular travel destination, but we have had double-digit growth in inbound travelers for several years now and numbers have reached the point where these visitors need to be pointed in new directions," she said.

Eric La Cara, chief financial officer of Niseko-based Nisade, said he fervently believes that reaching out to foreign tourists will work—and is already doing so.

"Visitation from Southeast Asia is on the increase, and China has barely made a dent in the Japanese market," he said. "China has around 600 ski resorts, which is pretty much triple the number of a decade ago, but their mountains are small—typically less than 1,000 meters high—and their snow is less than stellar."



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The local Japanese market remains critical to the company, which was founded in 2005 by a group of snow sports enthusiasts. Today it is the largest fully integrated property specialist organization in Niseko. The firm develops and manages properties in the region, and delivers

hospitality and sales services from concept to completion.

Yet there are challenges.

"It's not just in Japan, but around the world," La Cara said. "There seems to be a bit of a decline in the winter sports sector. Japan has not seen significant economic growth over the past two decades. This and an aging population make a higher barrier to entry to skiing.

"Resorts have also suffered in the past 20 years or so because their outdated infrastructure simply cannot compete. Some are closing down, and there is a dearth of capital to help

In their heyday, there were as many as 700 winter sports resorts across Japan; but that figure has contracted sharply. developing those properties in need of renovation and updates."

In their heyday, there were as many as 700 winter sports resorts across Japan; but that figure has contracted sharply.

Nevertheless, La Cara is confident that Hokkaido is in prime position to lead the sector's recovery in the years ahead.

"Hokkaido is still an undiscovered

winter recreational gem that is primed for extraordinary future growth," he said. "Recently, we have begun to see a new influx of inbound and foreign tourists, and all that is no surprise given the area's breathtaking natural landscape, the lovely climate, the region's culinary and entertainment pursuits, and the ease of access to some of the world's greatest ski spots.

"That is why we believe it is appealing to do business in Hokkaido, and we see this region as one of great opportunity and future promise."





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LEISURE LIFT

Kjell Fornander is both an avid skier and the operator of Setsu-in, a boutique hotel in Hokkaido, where he says the conditions are ideal for him.

"I like Hokkaido because it is drier and cooler," he said.
"Most of the time, the snow is also better in Hokkaido.
While the mountains in Nagano and Niigata are higher and steeper, Hokkaido has more open, Nordic-style terrain.

"And the powder can be magic."

Originally from Sweden, Fornander is married to Tokiko Okabe, founder of Tokyo-based interior design and architectural firm Scandinavian Modern.

Setsu-in is a 260-square-meter, three-bedroom chalet that is located just minutes from Niseko-Hanazono's base and chairlifts. Ideal for parties of six adults, it features contemporary Japanese architecture with touches of zen and tea ceremony aesthetics, together with all the modern amenities and comforts.

Fornander believes the brand, know-how, and service that Niseko has built up over the last decade will be difficult to replicate at any other ski resort in Japan in the immediate future.

Foreign investors have clearly reached the same conclusion, he points out. The entire Hanazono resort is now owned by a Hong Kong company, and a Thai company recently completed acquisition of the Kirono resort—including a Sheraton hotel.

Similarly, the Niseko Village resort is owned by a Hong Kong company and the Hilton hotel in the resort is operated by a Malaysian company, while other Malaysian and Indonesian investors are building hotels and condominiums in Hirafu.

"As long as the snow keeps falling, I think Niseko will do well. It is by far the most convenient ski resort for the Chinese and for visitors from Southeast Asia," Fornander said. "The alternative is typically the European Alps or Whistler in Canada, which are much longer trips."

UPHILL EDGE

Underlining the unanimous support within the industry for government-level initiatives to attract more overseas fans of winter sports, Toshimune Suto said bringing in more skiers from abroad would be "the most important help that the government could extend to the industry."

Based in Hokkaido, where he is the inbound sales manager for the Ski Japan Travel Co., Ltd., Suto said Hokkaido is head and shoulders above the rest of the country when it comes to skiing—and there are a number of reasons.

"We have excellent powder snow, we have high levels of snow, and the snowfall is reliable," he said. "We also have a long ski season, all the way from November through May, and visitors can enjoy great fresh food—especially seafood.

"Our runs are at lower altitudes, meaning that skiers can enjoy all that great powder without feeling the effects of thinner air," he pointed out. "We also have many direct international flights, good access from Sapporo's Chitose Airport to all the major resorts, and we have the city of Sapporo as well—the fifth largest in Japan."

And Suto, like others with a stake in the industry, believes that the possibilities for winter sports in Hokkaido are sky-high. ■





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MINISTRY OF FINANCE

DELAYS TO TAX HIKE AND CHANGES TO SPENDING PLAN

Prime Minister Shinzo Abe is expected to announce a consumption tax hike for October 2019, and the ways in which revenue generated from this increase will be spent have been changed to cover free education for children.

Of the ¥4 trillion that was to be applied to repayment of government borrowings, approximately half will be moved to education. The Ministry of Finance (MOF) is reportedly inclined to accept this schedule for the increase from 8 percent to 10 percent despite the likelihood of a negative impact on the economy.

During his address to the opening session of the Diet on September 25, Abe expressed his thoughts on how the additional revenue would be used. The guidelines would call for an "allgeneration type" of social welfare, shifting the focus from mainly the elderly to include those raising children.

It is anticipated that boosting the consumption tax by 2 percent will generate additional revenue of approximately ¥5 trillion. The government previously planned to use one-fifth of this for medical treatment, home care, and other forms of welfare, with the remaining four-fifths going toward the reduction of government debt.

In the absence of debate by the government and within the ruling party, Abe suddenly proposed a major policy change. The shift had been indicated the previous summer by those close to the prime minister—including his secretary, Naoya Imai—in advance of the dissolution of the Diet and subsequent general elections.

These moves put the MOF on guard, as the proposal was likely to upset the so-called "primary balance" applied by both national and local governments

which aims to bring the basic fiscal balance into the black during 2020. It also raised the possibility that efforts to restructure Japan's finances, which have been walking a tightrope, might be adversely affected.

However, the MOF gradually came to accept the prime minister's proposal.

"Even by cutting payouts to reduce the deficit, it would be better for the prime minister to delay the consumption tax increase planned for October 2019," a high official was quoted as saying. Vice-minister Junichi Fukuda also sees no point in taking on a fight he knows he can't win. The view widely held by top bureaucrats within the ministry is one of skepticism over whether Abe will actually take the plunge and raise taxes.

FINANCIAL SERVICES AGENCY

MONITORING OF BITCOIN TO COMMENCE

The Financial Services Agency (FSA) will begin monitoring of Bitcoin and other cryptocurrencies. As of the end of September, there were 11 such operators registered with the FSA. While the bankruptcy of Bitcoin broker Mt. Gox shook investor confidence, cryptocurrencies are still seen as an important next-generation technology and, through the new regulations, the FSA aims to oversee their healthy development.

The 11 brokerages that registered with the government are some of the largest of their kind in Japan, including bitFlyer Inc., Money Partners Group Co., Ltd., and Tech Bureau Corporation. The FSA began monitoring their transactions from October. In all, 28 operators have formally initiated registration. Approval of the remaining 17 is still pending.

Last April, the law covering such transactions was revised to require brokers exchanging or selling cryptocurrencies to register. "Deemed operators" that were in business prior to the law going into effect were notified they had until the end of September to register.

The FSA checked to see whether the assets of the operators and their users were set up so that they could be separately managed. It also adopted measures to deal with illegal transfers and to exclude fraudulent coinage.

Of the deemed operators, 12 were found not to be in compliance with FSA standards and, through their non-registration for this and other reasons, were obliged to halt business. The FSA is said to be overseeing refunds to those companies' users.

One FSA official remarked: "We want to put efforts into watching trends in the cryptocurrency market. To support innovation leading to new fund transaction services, we would like to nurture the development of robust cryptocurrency operators."





or global recruitment firms, tracking markets all over the world is essential to keep up with business needs and societal trends. Recruitment company Hays is headquartered in the United Kingdom, but remains one of the largest bilingual recruitment companies in Japan, with 15 specialisms across four offices.

Being part of an international operation offers broad insight, said Marc Burrage, managing director at Hays Japan. "We are able to tuck into that and to bring it to bear in Japan as it makes sense."

Hays prides itself on expertise and inquisitiveness, and continues to enhance its research through the Global Skills Index, an annual report prepared in collaboration with Oxford Economics. "Doing things like this helps us to actually educate the market, to look at what trends are coming, and to look at how we can tackle the unique challenges that Japan faces," Burrage explained.

After 16 years in Japan, the firm's knowledge of the Japanese market is deep. Through offices in Tokyo (Roppongi-itchome and Shinjuku), Yokohama, and Osaka, Hays provides permanent recruitment services, contracting recruitment, outsourced recruitment, and IT solutions.

BARRIERS

It's no mystery that Japan faces the challenges of a declining population and aging demographic—factors that are proving to have a considerable impact on the job market. This candidate-short market is proving a major difficulty for many businesses.

"We really need to look at how Japan is set up from a labor market perspective. What are the peculiarities that exist here—perhaps that we don't see in other markets around the world?" Burrage said.

One peculiarity is the concept of lifetime employment, which Burrage believes defines the structure of the local labor market. "It shapes the career paths of individuals, but it also shapes remuneration, and wage reform is one of the particular areas that we think needs attention."

Wages certainly lag behind those of other countries when it comes to highly skilled roles, which is peculiar considering the growth of the economy and the scarcity of talent.

He highlighted the fact that many Japanese work environments favor older generations, and business structures are based on seniority and tenure. This is acceptable in the short term, but will exacerbate the demographics problem further down the line when these generations leave the workforce.

This kind of environment—in which rewards are linked to tenure rather than results—can also be a deterrent, hampering the growth, productivity, and profitability of organizations in an increasingly globalized context.

"So, it really is a bit of a perfect storm, and structural reform is one of the biggest pieces that we think needs attention right now," Burrage explained.

The Rugby World Cup 2019 and Tokyo 2020 Olympic and Paralympic Games are two events that provide opportunities for Japan to promote itself to the world.

Marketing Japan internationally will play a part in busting some of the myths about doing business in the country. "When I speak to people about Japan, often their perception is very limited; and the perception that they do have is usually that it is just too foreign—it's just too hard a place to begin to work," Burrage explained. "So, I think that if we can bust some of those myths, there's a real opportunity to market Japan as a place to live and work."

HAYS'S ROLE

Ambition and a passion for people are two of Hays's core values, and this comes through in the recruiter's daily functions. "We see our role very much as an advisor," Burrage explained. "Whilst we are powering the world of work today, we are looking to help shape the world of work tomorrow."

Hays's Global Skills Survey covers 33 countries in which the company operates, addressing the pressures that are being exerted in each of those markets around the world. In Japan, the talent mismatch is a major issue and—although not a new phenomenon—is one yet to be tackled.

One way to address the shortage is to bring in executives and talent from overseas—a short-term solution that also requires making Japan a more attractive place for global businesses.

Burrage suggests that local talent must be trained. "We can build our own talent, but that takes time. We can adapt the labor force that we've got, but that

the labor force that we've got, but that requires reform. But, it is possible."

Results show that, globally, Japan has the lowest level of continuing education once a person has joined an organization. "We set a very high score

for educational credentials in Japan. But once people have those—and they've been hired—they tend to stop investing in their training."

All these reforms aim to make the workplace a friendly and attractive environment for women, too.

"Right now, it is fair to say that, whilst there has been a lot of encouraging talk, we still have a lot of work to do when it comes to encouraging women to reenter the workforce," Burrage said. He mentioned flexible work hours and childcare options as two critical factors.

As a company, Hays is dedicated to diversity. When it comes to gender, just over 50 percent of the company's workforce globally—and in Japan—is female, while nearly 60 percent of those in management positions are female. "What we are really interested in is encouraging others to see the opportunity to do the same, and then to actually embrace that opportunity."

He detailed the processes used when looking for candidates to fill client positions, ensuring that there is no unconscious bias at play. Communication with the workforce is also an essential part of creating a diverse and inclusive work environment.

Another aspect to consider is the number of non-regular workers. In Japan, 40 percent of the labor force comprises non-regular workers, and the vast majority are women.

"If you think about the equation that we are facing here, we have a workforce that doesn't have enough permanent talent, and we have a significant amount of talent working in non-permanent roles," Burrage said.

Future-proofing the workforce is critical. This means addressing ways to retain an aging workforce, how to use the shrinking workforce smartly, and rethinking the way people are rewarded. This will help buy time to build sustainable long-term solutions, such

as changing the Japanese education system to better meet the needs of future society.

In terms of foreign talent, Burrage believes that intellectual property, experience, and

expertise are leveraged. "So, when those people depart these shores, if indeed they do, they have left a legacy behind which we can build on."

From an employee perspective, there's not enough liquidity in the labor market, whereas businesses are continuing to be cautious—particularly as Japan is viewed as being so different when it comes to doing business.

Burrage explained that many organizations that have regional operations in Asia do not view Japan as part of their regional business, but instead view it separately."

Although there may be a range of problems in Japan's growth, the needed reforms are possible—but will require a change in mindset. As Burrage explained, "The single biggest issue is that Japan doesn't like change. If Japan could embrace change, we could solve a lot of issues."

Overall Index score



Talent mismatch APAC comparison



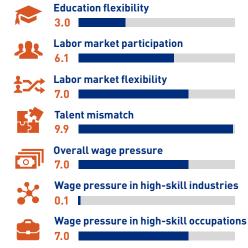
Source: The Hays Global Skills Index 2017

Key drivers

"When I speak to people

about Japan, often their

perception is very limited."





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FIGHTING FOR ROI

Foreign investors set sites on local property market

benomics and the devaluation of the yen have had Aa positive effect on Japan's real estate market, with investors from abroad—especially from Singapore, Hong Kong, and Taiwan—seeking property in Japan over the past four years.

This is according to Tsuyoshi Hikichi, managing director of Tokyo-based Axios Management, who told

The ACCJ Journal that the situation has made it more attractive for investors to enter the market

And it is not just investors from Asia that are seeking Axios Management's bespoke property management services. Investors from around the world—including the United States and European countries—are doing the same. The majority come to him via word-of-mouth recommendation, due to his reputation for making winwin deals for clients.

"We began five years ago as a brokerage firm for expats, then pivoted to asset management with a goal of increasing our customer's return on

investment [ROI]. It takes time, effort, and commitment, but we go the extra mile. This sets us apart from traditional property managers in Japan."

BEST IN CLASS

Axios Management provides best-in-class services for non-Japanese property investors across Japan in cities such as Tokyo, Osaka, Kyoto, and Sapporo. The company's portfolio of residential properties comprises primarily large buildings, but individual units within an apartment complex are also part of the mix.

The asset manager's all-in-one services cover three key areas: property management, due diligence, and property sales agency services. For onsite services, the company provides property management, maintenance, and rent collection. Offsite services include legal and financial administration, highlevel market reports, and tenant screening and leasing—not to mention tax representation and filing.

What also sets apart Axios Management, Hikichi explained, is a commitment to increasing asset value and maximizing ROI.

> Both, he said, are concepts that have not fully permeated the culture surrounding property asset management in Japan.

"The fee structure of traditional Japanese property managers is based on revenue. This often means they are not worried about costs, asset value, or ROI. In a sense, they are stuck in their way of doing things."

Axios Management is different. "We always seek to be transparent, to add value to the asset, and to increase ROI for clients. We put in the work."



Tsuyoshi Hikichi, managing director

OPPORTUNITY KNOCKS

Hikichi has 15 years of experience in Japan's real estate industry. Having

lived in Europe, other parts of Asia, and North America, he successfully bridges the gaps that can exist between non-Japanese investors and a local property market that is culturally conservative but increasingly bullish.

At first, he worked with Japan-based expats as a brokerage manager in the hotel and leisure industries, where he helped the company grow and—eventually—managed their exit.

In 2012, he teamed up with new business partners and established Axios Management (formerly Morris Japan).

"Since I came back to Japan," Hikichi explained, "my focus has been to work with non-Japanese clients. This means I have a good understanding of their needs and desires. I open doors for them to the Japanese mindset and market."



From initial consultation to tenant exit procedures, Axios Management offers its clients a full range of customized property management services, focusing on both maximizing owners ROI and protecting their interests.

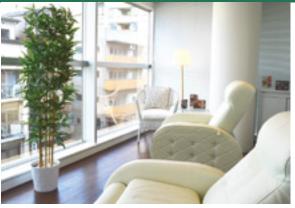
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These elements will serve

destination appeal of both

to amplify the vibrant

Tokyo and Japan.

n the three decades since first opening its doors, the ANA InterContinental Tokyo has become an instantly recognizable part of the city's skyline—and a key piece of the fabric that connects business, government, tourism, and social activities in Japan's capital.

Michel Chertouh, who worked for five years at the InterContinental Hotels Group's Bali property, arrived in August as the new regional general manager for Tokyo and Okinawa. He told *The ACCJ Journal* that he intends to build on the heritage that the hotel has established over the years while simultaneously evolving its offerings to meet the constantly growing needs and desires of guests.

PRIME PROPERTY

"The hotel's location, its range of facilities, its selection of guest rooms and suite accommodations, its extensive restaurants and bars, its reputation for fine service, and the global appeal of the InterContinental brand all form the basis of its popularity," he said.

"Looking to the future, as our markets and customer audiences—both here and abroad—continue to change, our exciting challenge will be to ensure that the offerings of ANA InterContinental Tokyo also evolve to ensure their relevance," he said.

ROOM TO RELAX

Underlining this commitment to provide the very best services and facilities is the introduction in November of brand-new Club InterContinental rooms, which offer a "distinctly enhanced experience" and are accompanied by the Club InterContinental lounge experience for guests.

The design of the rooms was inspired by the spirit of *kintsugi*, the Japanese art of using gold to repair broken pottery to transform it into a new thing of beauty.

The new rooms feature king-sized beds with luxury linen and have been designed to make the most of the

breathtaking views of the city. Guests can enjoy Ferragamo amenities and a THANN Spa upgrade program, and can also request a range of services—including Tokyobike rentals—that will give them a unique interface with the city.



For foodies, a two Michelin-star breakfast designed by renowned French chef Pierre Gagnaire or a sumptuous afternoon tea experience in the Club InterContinental Lounge overlooking the city is a wonderful way to relax.

"This is all quite unique and has been designed to very much connect our guests with the city and the very best that is available in Tokyo," Chertouh said.

And with the city gearing up to host the Rugby World Cup 2019 and the Tokyo 2020 Olympic and Paralympic Games, Chertouh believes this is the perfect time to be in Japan.

"This is a hugely exciting environment, and there will be a lot going on in the coming months and years—which is

> rather a contrast to my previous post in Bali, where every day was a Sunday for our guests, the vast majority of whom were holidaymakers.

BRIGHT FUTURE

"For me, both professionally and personally, it is a fantastic time to be in

Japan, with economic growth, a strengthening position on the world stage, and an impressive special events calendar that includes the Rugby World Cup and the Olympics.

"I firmly believe these elements will serve to amplify the vibrant destination appeal of both Tokyo and Japan, and I am looking forward to working hard with my team and our local partners here to extend this appeal well into the future."

And the potential of the ANA InterContinental Tokyo, he believes, is immense.

"Through product and service innovation, we will ensure that the hotel's venues play a leading a role in the city's dining, events, and celebrations market," he said. "At the same time, continued capital investment in the physical product will ensure that our guest rooms and public spaces contribute to Tokyo's destination appeal, both through direct experience and through our international marketing efforts.

"We can already see that happening and it is a pleasure to be part of it." \blacksquare



Reservations or inquiries: 0120-455-655 9:00 a.m.-6:00 p.m. (Closed on Sundays and New Year's Day)

www.anaintercontinental-tokyo.jp/en

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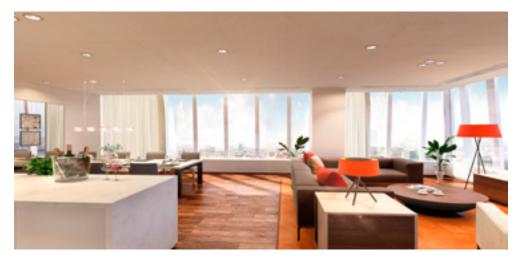
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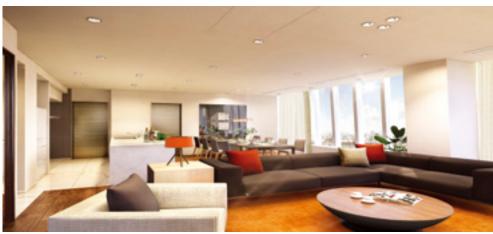
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