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Davos Special

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Seeking solutions in a time of global instability

Sayuri Daimon STAFF WRITER

n 1971, the inaugural European Management Symposium was held in Davos, a ski resort in the Swiss Alps, the event a precursor to what would later become the World Economic Forum's annual meeting in Davos.

"I felt the future should not be based on animosity and controversy. It should be based on reconciliation," WEF founder and Executive Chairman Klaus Schwab told The Japan Times during a 2013 interview, recalling the early years of the Davos conference. "In 1971, I published a book on multistakeholders, which means problems should always be solved through dialogues among the stakeholders, among all those people who are interested in the problems. So, I created a platform for multistakeholders to come



be seen.

Borge Brende YOSHIAKI MIURA PHOTO

British Prime Minister Boris Johnson and his Cabinet ministers will be skipping the upcoming conference because of the looming Brexit deadline. Prime Minister Shinzo Abe will also miss this year's Davos meeting despite attending the event last year.

However, even though he is mired in a myriad of problems ranging from his impeachment in the House of Representatives to flare-ups with Iran, U.S. President Donald Trump is expected to show up in Davos. 'In a world that is so much more integrated, let's come up with not only fragmented solutions.' BORGE BRENDE, PRESIDENT OF THE WORLD ECONOMIC FORUM

risk consultancy firm Eurasia Group, shows current levels of global instability, with U.S. domestic politics listed for the first time as the top risk of this year.

"Trump's policies coupled with turmoil in Washington will confuse and further destabilize long-standing relationships, with big question marks over countries that already feel particularly exposed: think South Korea, Japan, Taiwan and Saudi Arabia," the report said. "Trump is also more inclined to miscalculate, making tail risks around those geopocollection, for development of artificial intelligence (AI), for the rollout of 5G cellular network technology and for defense and retaliation against cyberattacks," Bremmer said.

"Where exactly will the new Berlin Wall stand? Where will we find the boundary between one technological system and the other? Will Europe align with the United States? ... What pressure will even Japan face?" he asked.

To find solutions, he said, the U.S., Europe, Japan and like-minded partners must work together to set future standards for AI, data, privacy, citizens' rights and intellectual property.

At last year's Davos meeting, Abe delivered a speech emphasizing the importance of creating international rules for the free movement of data across borders. Referring to the speech, Brende said that the WEF is currently working closely with the Japanese government to follow up on the G20 agenda where Japan, as the chair country, underlined the importance of this concept dubbed Data Free Flow with Trust. "We need a rule-based cyber area and not the Wild West," Brende said, adding that the WEF has also set up the Cyber Security Center in Geneva, where private sector and governments will collaborate to enhance cybersecurity across the world. Though it is a huge challenge, the WEF president said his organization aims to be an effective platform to help business and political leaders find solutions to pressing issues. "In a world that is so much more integrated. let's come up with not only fragmented solutions," he said. "The World Economic Forum's public-private cooperation platform can be an effective platform in finding solutions on some of the most constructive dialogue, innovative solutions on climate change, biodiversity, inclusiveness and economic growth that is necessary to move forward."

together."

The "stakeholder" concept described by Schwab was outlined in the Davos Manifesto, a set of ethical principles for business leaders launched in 1973. "The purpose of professional management is to serve clients, shareholders, workers and employees, as well as societies, and to harmonize the different interests of the stakeholders," it said.

Half a century later, the WEF unveiled the Davos Manifesto 2020 – an updated version to spell out the universal purpose of a company – for its 50th annual meeting in Davos, which kicks off on Jan. 21.

What was written in the 1973 Davos Manifesto still applies today, but the 2020 version is expanded to cover ideas of sustainability, inclusion and technology governance.

The 2020 Davos conference, which brings more than 3,000 of the world's business heads, political leaders and other influential individuals together from all over the world, Borge Brende, president of the WEF, expressed concern about how nations are becoming increasingly self-absorbed, with little regard for international responsibility.

"This is a huge paradox because we live in a truly globalized world. Your problem is my problem and vice versa. We live in a more integrated world than we ever did before, but our response is very fragmented," he told The Japan Times in a recent interview.

"Look at climate change. The policy of another nation on climate change also means a lot for other nations because (carbon dioxide) emissions are global. It's the same with emissions to the sea or plastic in the oceans. ... That's why we have to have global rules," said the former foreign minister and environ-

ment minister of Norway. Top Risks 2020, the latest annual forecast

of political risks released earlier this month by

litical confrontations that occur more unpredictable and dangerous."

The U.S.-China trade war also casts a shadow over global economic prospects. According to the International Monetary Fund's latest estimates, the bilateral conflict could drag the global economy down by as much as \$700 billion. It has also caused an economic slowdown in China.

But the bilateral trade row isn't the only problem, said Eurasia Group founder lan Bremmer. He told a Tokyo meeting in November that the greatest source of U.S.-China conflict comes from a technological "Cold War" in which China is building a separate technological ecosystem against the U.S.-led one.

"The American tech ecosystem, with all its strengths and shortcomings, is built by the private sector and loosely regulated by the government. The Chinese system is dominated by the state. That's also true for big data

TACKLING MARINE PLASTIC WASTE

Creativity and perseverance for a sustainable future

The pollution caused by marine plastic litter has generated global attention in recent years. At the G2O Osaka Summit in June, countries agreed to take strong action to prevent and significantly reduce discharges of plastic litter and microplastics to the oceans, having adopted the "Osaka Blue Ocean Vision." In Japan, plastic waste has been damaging its beautiful coasts and troubled local communities. In an effort to conserve the environment, communities and businesses in Japan are taking measures, ranging from cleanup activities to the development and spread of eco-friendly substitutes for plastic.



While Tsushima garners attention for its ocean garbage, not all of the islands' shores are covered with trash. The beauty of Miudahama Beach is a powerful symbol raising awareness of the problem and spurring action. YAMA123 / PIXTA

Islands of abundant nature spoiled by ocean waste

Visit Tsushima and save its pristine shore from plastic waste

ituated in the Sea of Japan and wedged between the Kyushu region of southwestern Japan and the Korean Peninsula, Tsushima is a group of islands with a resident population of 30,000 people. The blue, clear ocean waters encircling Tsushima are a popular spot for fishing and marine sports, while on the northern shore of Tsushima island lies one of the best beaches in Japan, Miudahama, which has natural white sand. It is an idyllic place, with rich fishing grounds thanks to the Tsushima Current, mountains that enfold the scenery with signs of the seasons, and a lifestyle that has shown respect to nature for generations. The beautiful islands and shores are sights that few have yet seen, but hopefully more people will come to witness them.

Ocean garbage, a serious problem worldwide, is now causing concern here in Tsushima. At the G2O summit in June, countries agreed to swiftly take action both nationally and internationally, in partnership with relevant stakeholders, to prevent and significantly reduce discharges of plastic litter and microplastics to the oceans. In addition, the "Osaka Blue Ocean Vision," which aims to reduce additional pollution by marine plastic litter to zero by 2050, was shared.

SUENAGA Michinao, the director of

Tsushima CAPPA, a general incorporated association that collects and publicizes information about the islands' efforts to combat marine debris, said: "There wasn't this much garbage when I was a kid. It's changed in the past 10 years or so. I'm at a loss because no matter how much we collect, we can't keep up."

Trash brought over by seasonal winds and ocean currents piles up on the western shore of Tsushima, stacking up two or three layers deep. Plastic bottles and other containers stand out, mixed in among the large pieces of polystyrene flotation devices and floating pieces of hard plastic, along with fishing nets and other fishing gear. Furthermore, there are gas canisters and plastic containers containing hazardous chemicals, as well as medical waste such as needles and ampules. Those items pose a danger that complicates collection efforts. On top of that, even if the shore is cleaned up once, in about half a year, around the same amount of garbage floats in to replace it.

A survey conducted by the city of Tsushima estimated that the volume of garbage floating to the islands each year amounts to 18,000 cu. meters. Of that, plastics of all types, including PET bottles and polystyrene, account for over 50 percent of the total. When the surveyors checked the garbage's countries of origin on labels, barcodes and elsewhere, they learned that approximately 85 percent of the plastic bottles drifted over from neighboring countries. This is a serious problem that not even Japan,



Much of the household garbage dumped into the sea in nearby countries floats over to Tsushima.

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SUENAGA Michinao was born and raised in Tsushima. Presently, he is working on organizing talks on the islands and beyond to inform audiences about Tsushima's ocean garbage problem.

let alone Tsushima, can resolve.

Tsushima CAPPA is engaged in various activities. They include organizing a collection routine by the fishing cooperative and teaching children at elementary and junior high schools on the islands about the current situation. According to Tsushima CAPPA, Japanese companies have recently been providing more opportunities for employees to visit the islands and clean up the marine debris as part of their training. Suenaga said, "What we really want to do is tell people more



about Tsushima's appeal, but at present, I think it's important to publicize what's happening now on the islands and inform people of it." While awareness of the issue grows, the people who love Tsushima carry on their fight as they deal with the frustration that there are no signs that the countries producing the garbage will take action.



So much garbage drifts ashore that it buries the coastline. In addition to the high cost of collecting the trash, there are concerns about damage to ecosystems and the rest of the coastal environment, as well as the impact on the fishing industry.

This article was previously published in the We Are Tomodachi Autumn/Winter 2019 issue.



Tsushima CAPPA produced the Trunk Museum, which is packed with trash to get children thinking about the problem of ocean garbage.

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TACKLING MARINE PLASTIC WASTE

Local initiatives keeping the 'Singing Sands' alive

Visit Kyotango and save a beach of pure white sand and the 'Singing Sands'

beach of pure white sand extending for as far as the eye can see... Such a landscape is one fine example of particularly Japanese natural scenery. Kotohiki Beach, which has long been known as a place of picturesque scenery seems like something out of a painting. Many visitors reach the beach in Kyotango, part of Kyoto Prefecture, facing the Sea of Japan. Besides the views, Kotohiki Beach is also distinctive for its "Singing Sands." When you walk along the beach, the sand emits little squeaks. The sound comes from vibrations caused by grains of sand rubbing against each other. Without the ocean washing the sands



clean, however, the beach would not sing. Local volunteers have been working to conserve the environment at Kotohiki Beach for more than 30 years. They have regularly organized cleanups and awareness-raising campaigns, but the severity of the marine debris has become greater in recent years. The trash that rides the ocean currents in summer and drifts into the Sea of Japan gets pushed onto Kotohiki Beach by the seasonal winds of autumn and winter. Fishing gear such as nets and bobbers, along with medical waste like syringes, are also a problem, but the overwhelming majority of the trash is plastic.

The threat from ocean plastic waste is now a serious problem. A survey is conducted regularly to analyze the text printed on lighters to determine where the marine debris originates. The results indicate that over 70 percent of the garbage at Kotohiki Beach comes from nearby



Left: Garbage with labels written in foreign languages are conspicuous. Right: Locals join cleanup efforts on a nearly daily basis and regularly conduct surveys. Volunteers of all ages now contribute to this action.



countries. Although cleanup efforts by residents have preserved the beach's scenery, due to the nonstop inflow of trash the root cause of the problem cannot be addressed.

The years of work by the community around Kotohiki Beach has spread awareness about protecting the site to high school students and other young people. There has been an annual musical event held for the past 25 years, "The Barefoot Concert," where the price of admission is a piece of garbage collected from the beach. In 2019, participants gathered 9,440 pieces of plastic in just two hours. Afterward, high schoolers sorted the trash to produce panels that were exhibited in different areas to inform the public about what is happening at Kotohiki Beach. Meanwhile, young workers in the local tourism business invite students from other countries visiting on school trips to experience the true beauty of Kotohiki Beach for themselves. These years of efforts have extended the circle of contribution beyond conservation groups to also encompass further action led by the next generation. This is the creation of a virtuous cycle. Local pride in the beach is the driving force behind their work. One man who has been involved for many years said, "We want to protect this



For many years, this beautiful beach has been protected by the continuous devotion of the local community. Now, the next generation is taking over the reins to carry on the work.

beautiful beach because it is dear to us. The first step in protecting it is to understand more about the sea that laps its shore. If we lack understanding, we will also lack the desire to protect; a certain amount of knowledge is necessary to garner interest. That's why I want people to know more about the sea." The expanding scope of community involvement should lead to a future in which the singing of Kotohiki Beach will be heard for eternity.

This article first appeared in the We Are Tomodachi Winter 2020 issue.

> Even after being placed in a drink for one or two days, the straw still stands strong. Japan Food Research Laboratories verified that the product is safe to put in one's mouth.

Wood and paper surpass plastic

apanese companies are addressing the global issue of plastic waste with traditional techniques, novel ideas and a strong desire to help bring about a sustainable, recycling-oriented society.

Dealing with plastic waste in the oceans is currently an urgent global issue. In fact, it was a topic of utmost importance at the G2O Osaka summit in June. Now, many people have begun thinking about how we use plastic products.

That sense of crisis led to the creation of wooden straws made with the thinnings left



over from forest conservation work. Aqura Home Co., a Japanese wooden house builder, invented the straw. At first, the company was looking for a way to hollow out pieces of wood, but then a traditional Japanese technique for shaving wood into a smooth surface caught its attention. An idea to wrap thin slices of wood about 0.15 mm thick into a helical shape led to the product.

Aqura Home President MIYAZAWA Toshiya said: "Our goal is to produce 3 billion straws a year, but we consider the wooden straws a business that contributes to society. That's why we're publicizing our production method and techniques so that the straws can quickly come into widespread use. In addition to straws, we encourage people to switch from other plastic items to wood. As a green company, we believe that this is our mission." Some Japanese hotel chains have already started using the straws, and Aqura Home says that it has received a flood of inquiries from other potential customers in Japan and abroad.

One reason that the wooden straws came



proof that growing awareness about the plastic waste issue is already spreading on the grassroots level.

Another company's experiment seeks to address plastic waste through yet another approach. The most interesting thing about Wasara, paper tableware that still looks stylish even when stacked with hors d'oeuvres, is that it is made from bamboo fiber and bagasse, a fiber derived from sugarcane. After primary fermentation for 25 days and secondary fermentation for 60 days, the material returns to



MIYAZAWA Toshiya, representative director and president of Aqura Home Co., became a carpenter at age 15 and later founded his company. His penchant for carving wood with a traditional Japanese hand plane called a *kanna* led to the idea for developing the wooden straws.

ITO Keiichiro, representative director of Wasara Co., previously served as president of a tableware package manufacturer founded over 100 years ago. In 2005, he began designing sustainable paper containers. Wasara is the product of a three-year development project. to be is the people who came together after hearing about the development project. Other companies and individuals who also see the issue from Aqura Home's perspective endorsed the idea for a wooden straw and offered to lend their assistance. That serves as



the soil. This makes Wasara sustainable tableware that can be disposed of without producing garbage.

And yet some people who use Wasara tableware say they do not want to throw it away because of its stylish design with a familiar texture reminiscent of washi paper or ceramics. ITO Keiichiro, the product's developer and president of Wasara Co., said, "At first, people wouldn't give us the time of day. That is probably because attitudes have changed, but even so, no matter how environmentally friendly the product is, if it does not have excellent utility or design, then most people will not be interested in it. Wasara was the result of much innovative, rewarding work." Recently, upscale restaurants, cruise ships and airport lounges have been using the product. Wasara has also started collecting used products and returning them to the soil at its plant. The tableware will likely come into more widespread use since it is strong, yet much

lighter than ceramics and glass. The possibilities for new tableware designed to be green and convenient are endless.

Each of these endeavors – wooden straws and paper tableware – could be the first step to solving global issues.

This article was included in the We Are Tomodachi Autumn 2019 issue.

This content is sponsored by the government of Japan.



Wasara seeks to develop paper tableware that will not warp, even with a steak on it. It also stays strong and solid when exposed to water. Plus, the thin material has a gentle feel on the mouth.

DAVOS SPECIAL

How Japan can leverage its long history of stakeholder capitalism

Makiko Eda

he concept of stakeholder capitalism has long been familiar in Japan. Businesses have been aware of the importance of engaging multiple stakeholders and acting for the good of society since the Edo Period (1603 to 1868) and the Meiji Era (1868 to 1912).

It all began with the Omi shonin merchants, who sold mosquito nets, mattresses, medicine, textiles, fertilizers and various other goods throughout the country. Omi shōnin would bring goods back home to Omi, present day Shiga Prefecture, and later came to operate their businesses in the regions that they've visited. The success of Omi shonin comes from the business philosophy, "sanpō yoshi," or "three-way satisfaction" between the seller, buyer and society.

For merchants to be successful traveling throughout various regions and cultures, it was vital for them to gain the trust of their buyers. They were not able to revisit regions without the welcome of the community. Communities then made investments in businesses to share the success and profits.

This led to a focus not only on the profit of the seller, but also on the satisfaction of the buyers and the contribution to society. In fact, it was imperative for the merchants to focus on the long-term sustainability of their market in order to maintain their success.

Fast forward to the 20th century. While the philosophy of sanpō yoshi continued throughout the decades, Japanese busi-



Shinzo Abe during a session at the 2019 WEF Annual Meeting on Jan. 23, 2019. WORLD ECONOMIC FORUM

nesses adopted the more modern idea of shareholder capitalism in an effort to rapidly catch up and rebuild the nation's economy after World War II. The emphasis on shareholder capitalism strengthened as businesses were increasingly exposed to global competition.

Today, we see another welcoming shift of the pendulum toward long-term, sustainable value creation as we face the impacts of globalization, the climate crisis and demographic shifts. Leveraging on sanpō yoshi,

Japan is in a position to further expand on this philosophy.

Emulating what worked in the past is not enough. We live in the 21st century, the era of the "Fourth Industrial Revolution." where the advancement of technology pushes societal issues to a global context and connects all at speeds we have never seen in the past.

The accelerated nature of change also means that businesses can no longer stay in their comfort zones. The nature of business has shifted, and the business practices of the past have become vulnerable. It is no longer about thriving, but surviving - and surviving well. For example, the climate crisis may not have been on top of the priority list for businesses a decade ago, but it is today. The realization that a company's stakeholders are global citizens leaves no option but to pursue a shift in approach.

In today's fast-paced world, innovation has become one of the crucial aspects of growth. The World Economic Forum's Global Competitiveness Report 2019 finds that Japan ranks sixth out of 141 economies, yet there is more work to be done, and the challenges for the country are clear. The nation needs to work on improving its workforce diversity, acting to close its skills gap and increasing female participation. To do so, it must address its high levels of risk aversion and rigid corporate culture, while spurring innovation and promoting business dynamism.

To further accelerate the importance of stakeholder capitalism, the World Economic Forum's Annual Meeting 2020, under the theme. "Stakeholders for a Cohesive and Sustainable World," will focus on the six imperatives of ecology, economy, society, technology, industry and geopolitics. Leaders from the private and public sectors will discuss how to take a long-term approach to address key issues in those areas, as well as evolve to meet the demands of the Fourth Industrial Revolution, while staying inclusive at the same time.

Leveraging on the heritage of sanpō yoshi, Japan has the opportunity to become a leader in stakeholder capitalism in the Fourth Industrial Revolution era.

Makiko Eda is chief representative officer, Japan, of the World Economic Forum.



