

# Joint Japan/World Bank Graduate Scholarship Program Master's Program in Public Policy and Taxation Yokohama National University NEWSLETTER

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## Message from the Director

Summer Heat!

Hello MPE alumni, current students and friends around the world. We are having a very early and hot summer this year in Japan. So hot that even room 317's air conditioning unit could not keep up and broke down! We had to change some rooms for the last week of classes and final exams.

By the time you get this newsletter, it may be too late, but remember to stay cool and stay hydrated! Severe heatstroke is a dangerous thing, but even being a little under-hydrated apparently lowers your mental acuity.

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News

More generally, keeping with my health theme, for those of you in Japan now (or perhaps you are an alumnus now traveling abroad away from friends and loved ones), it is important to *stay active and stay healthy*.

I remember when I got my first full time teaching post in Alaska. Yes, the winters are just as cold and dark as you have seen on TV. Despite the kindness and welcoming spirit of the people in Alaska, I was still living alone far from family and friends. Of course, I made new friends and kept busy with my teaching and finishing up my dissertation. I also watched many movies, TV and videos to pass the time. But this is not enough. I also joined a gym, starting practicing Kendo (Japanese martial art), went hiking, learned how to snowboard and so on. In short, I `got out there and did stuff`. In this way, I expanded my horizons, kept physically active, made new friends and was too busy to feel down.

I think in today`s wireless world, the ease and temptation of spending countless hours watching one`s favorite videos, TV, and other social media can distract us from leading more productive and healthy lives.

So, especially for those here in Japan, `get out there` and enjoy Japan! Get to know its people and its culture, but also take advantage of anything else Japan has to offer. Hobbies in Japan do not have to be expensive and the personal rewards are high. Please stop by my office or the MPE office, if you ever need any advice on what to do in Japan, or how to do it!

And drink lots of water this Summer. ☺

Best regards,

Craig Parsons  
MPE Director

## Articles

### *Market Regimes and Price Discovery in Energy Economics* Special Topic Lecture By Safilidin Muhamad Ramli, Malaysia, Cohort 19

The special lecture topic that we had in our class is really giving us knowledge about something that we never expected to get here. The lecture by Dr. Young Ho Chang on the topic “Market Regimes and Price Discovery in Energy Economics” increased our knowledge about energy markets a great deal.

I still remember during our lecture, Dr. Chang had explained to us about oil market and how it operates in the world. It was really interesting to know how this market can be operating with control by an organization like OPEC and by certain countries who have large oil stock production. We were also surprised knowing that the organization (OPEC) and the countries (large stock oil production) are tolerant with each other in making profits by controlling their supply of production into the market without any mutual agreement with them.



Dr. Young Ho Chang explains during the Special Topics Lecture

With Dr. Chang’s explanation, we were also taught about monopsony in the oil market and what happens when a monopoly and a monopsony meet each other in an equilibrium of the oil market. This was a very interesting knowledge that we had in our lecture. Dr. Chang additionally explained to us which a good point about this market and he also had explained to us with very good explanation how it works. It was really amazing knowing how this energy markets work for certain countries and to the world more generally.

Here, I would like to extend my appreciation to the MPE office and special thanks to Dr. Young Ho Chang for giving us opportunity to learn that something we never expected to get it during our study in Yokohama National University. Thank you so much and Doumo Arigato Gozaimasu.

***Ending Poverty and Boosting Shared Prosperity: Role of World Bank Group***  
**Special Lecture by Dr. Manuela Ferro, Vice President,**  
**Operations Policy and Country Services, the World Bank**  
**By Akalu Kibret Hailu, Cohort 19**

It was a pleasure to meet Dr. Manuela V. Ferro. Both first and second year Public Policy and Taxation (PPT) students attended her special lecture titled “Ending Poverty and Booting Shared Prosperity-the Role of the World Bank Group” together with Professor Craig Parsons (our Program Director) and other World Bank scholars. Before the presentation started, all participants were given a note. On this single page note I got some important information about academic and professional achievements of the Vice President. Since, her efficacious experience teaches and inspire peoples, first I would like to share this with you.

Dr. Ferro joined the World Bank as a young professional in 1994. Prior to joining the World Bank, she was an Assistant Professor at The Technical University of Lisbon, from which she holds an MSc. /Engineering Degree. She also holds a Ph.D. and a M.A. in Applied Economics from Stanford University in California. Prior she assumed the position of Vice President of Operations Policy and Country Services (OPCS) on July 1, 2017, she worked in different positions at the World Bank. In OPCS role, she oversees the World Bank’s corporate policies on financing and analytical services.

On her presentation she briefly explained the role of the World Bank group on ending poverty and boosting shared prosperity. The major trends that will shape the global development agenda and how does this changing context impact global development ambitions and challenges were discussed referring to actual study findings. Also Dr. Ferro explained how the World Bank group is responding to this context to deliver on its mission of ending extreme poverty by 2030 and boosting shared prosperity. She finally addressed all the questions raised, and finally the program closed taking a group photo. As usual, I thank MPE office for giving us this unique opportunity.



Dr. Ferro in a group photo with faculty members and scholars

## Special Lecture by Aichi Prefecture Tax Division and Toyota Factory Visit By Ariful Hoque, Bangladesh, Cohort 19

Tuesday, February 20, 2018

Our first day of the field trip started with a special lecture by Mr. Tetsuro Kushida, Tax Division, Aichi Prefecture. He gave us an overview of the local tax system of Aichi prefecture. We enjoyed his lecture in the conference room at the Chisun Inn, Nagoya. Next, we rushed to visit Toyota Takaoka Plant at Nagoya. It was about a one-and-a-half-hour journey from our hotel. So, we had to take our *bento* in the bus. After that, we visited the nearby Toyota Museum. On the way to Toyota factory to Toyota museum, we saw the Toyota Headquarters through the bus window. It was quite a unique experience!

### Special Lecture by Aichi Prefecture Tax Division:

In the beginning of the lecture Mr. Kushida introduced us with a brief overview of Aichi Prefecture. Aichi Prefecture, a metropolitan area, is in the center of Japan. However, it is also lushly green with significant number of forests and farmland.

It is worth mentioning that the Gross Prefectural Product of Aichi is 36 trillion yen as of 2014 and it holds the rank 3 in Japan. The amount approximately equals the GDP of Malaysia, which ranks number 34<sup>th</sup> in the world. Thus, the economic scale of Aichi Prefecture is equal to as that of a single nation!



Mr Tetsuro Kushida of Tax Division, Aichi Prefecture

However, Aichi has three specific taxes: The Industrial Waste Tax, the Aichi Forest and Green Tax, and the Excess Taxation of Corporate Tax and Business Tax.

It should be noted that in 2011, Aichi started giving exemptions for car tax amounting 200,000 yen for five years to promote Electric Vehicle (EV) eco-cars and Plug-in Hybrid Vehicle (PHV).

Finally, in his conclusion, he mentioned, "Tax" is the "blood of a society" as this metaphor is used in Japan. Without blood there is no life, which truly signifies the importance of taxes. If the tax burden is large, taxpayers may lose their morale or evade from paying taxes. Also, if there is no effort in collecting tax delinquency, inequity might spread among the residents resulting in higher percentage of tax arrears. The principle of "equity" is also equally important. Utilization of this concept would be useful while making tax policy in our own countries.

### Toyota Factory visit:

Our visit to Toyota factory as YNU students was indeed an educative and joyful experience. However, all phones and cameras were left behind in our bus in order to follow the strict rule of the factory. Our guide led us across a series of bridges above the workers who barely noticed everyone staring down on them. Also, we observed that Robots were pushing carts around while computers were automatizing which parts of the cars were needed to bring to respective assemble





Prof. Parsons and Ms. Taguchi with students at Toyota Kaikan Museum

line. In this way, parts were assembled on the conveyors. We observed that many cars of different colors, shapes, and parts were lined up on the same conveyor as per individual customer's requirements. This manufacturing system named *Kanban Hoshiki* (Just-in-Time) that made this complicated manufacturing method possible without making mistakes. The *Kanban Hoshiki* is truly a management revolution.

We also came to know the spirit of the *Kanban* system that is "Making only what is needed, only when it is needed, and only in the amount that is needed" and another principle that Toyota uses which is *Jidoka* meaning "Automation with a human touch". The Toyota Production System (TPS) is considered to be the most well-run and self-correcting production system in the world.

By utilizing this *Kanban* system, Toyota Takaoka Plant produces mostly Harrier, Auris, RAV4 and so on. The production process is broken into four main parts: stamping, welding, painting and assembly.

**Stamping:** Steel sheets are cut and stamped to form body parts. High productivity and precision are achieved through the latest stamping machines and high-speed transfer robots.

**Welding:** Robots weld about 400 body parts to form a car. The latest welding line can handle multiple models on a single line and produce precisely finished car bodies.

**Painting:** After the body is washed, undercoat, intermediate and topcoat are applied to create a high-quality surface. Water-based paint has made this process even more environmentally friendly.

**Assembly:** At this worker-friendly assembly line, engines, wheels and other parts are installed. Fully assembled vehicles are tested and verified in the final inspection, before being shipped.

The company's headquarters is in the city of Toyota, less than one hour east of central Nagoya. Next to the headquarters stands the Toyota Kaikan Museum, where Toyota displays its new models and technologies to the public and periodically holds robot shows. Moreover, in the Museum, visitors can get inside the vehicles and a number of video displays and panels demonstrating Toyota's production process and the safety features in Toyota cars.

The second floor of Toyota Kaikan Museum has a play area for children and an interesting shop selling miniature cars, confectionary, souvenir key rings, T-shirts, books and DVDs. Interestingly, Toyota has been promoting the development of healthy forest and utilization of the forest resources. Thus, we were refreshed by *Hinoki Cypress Aroma* mist which reminded us of taking a deep breath in the forest!

It was tremendously exciting to see the Toyota Standard Sedan, Model AA. The guide also informed us that it was Toyota's first passenger car, was completed in 1936 through the tremendous efforts of Kiichiro Toyoda, the founder of Toyota Motor Corporation, and his colleagues.

Lastly, my sincere appreciation is extended to World Bank for sponsoring this opportunity. In addition to this, I would like to express my deepest gratitude to Professor Craig Parsons and MPE office for arranging this wonderful and refreshing field trip.

## 21<sup>st</sup> February 2018, The Second Day of the Nagoya Field Trip By Symon Mkandawire, Malawi, Cohort 19

The day started with a lecturer on International Trade and Development by Simba Mutsvangwa Sensei, a Postdoctoral Researcher at Nagoya University who is also an alumnus of Yokohama National University.

International trade promotes economic growth but it is not clear as to the extent in which trade promotes development. Good examples are Nigeria, Laos, and Kyrgyzstan with the high economic growth, but there is high inequality of wealth amongst its citizens. Trade rather reduces the gap between the developed and developing countries. Since development is much wider and is affected by several factors, countries need far-reaching multilateral co-operation, complimentary domestic policies that are tailored to a country's specific situation and mainstreamed into development policy objectives to address development issues. Countries must also take a keen interest in helping people get the right skills to have access to new jobs, improving the business environment to attract investment and reducing trade costs and barriers. Otherwise, trade measures alone cannot address challenges to development. Suffice it to say that the link between trade and development is difficult to establish, and the recent slowdown in the global trade because of the reduction in import demand from the developed countries who are the major consumers is negatively affecting the developing nations.



Mr. Simba Mutsvangwa and Prof. Parsons at the front with students



In the afternoon, we went to Nagoya Castle which was very interesting. The Castle was built at the beginning of the Edo Period as the seat of one of the three branches of the ruling Tokugawa family, the Owari branch. As such, it was one of the largest castles in the country, and the town around it ultimately grew to become Japan's fourth largest city. We could see the trends of development in Japan. One key thing that became apparent was that the hardworking spirit of the Japanese dates to the Edo period. Later that afternoon after the Nagoya castle we went to visit Nagoya

TV tower, the oldest TV tower in Japan completed in 1954 in the Centre of Hisaya Ōdori Park. It is 180 meters high, and has two main observation decks at the heights of 90 metres (the indoor Sky Deck) and 100 metres (the outdoor Sky Balcony) which is about 100 meters high. The tower is no longer used by tv stations because of the migration from analog to digital transmission. It is now used as a source of tourist attraction because of the beauty that it brings to the city and the view of the whole Nagoya city from the sky decks.

All the events were so exciting to the extent that some of us decided not to take the train or bus back to the hotel, but rather walked to see the beauty of Nagoya City which was worthwhile.

It was a wonderful day, very eventful and educative at the same time. I would like to thank Parsons sensei and Ms. Taguchi for organizing and accompanying us the entire time.

## Yokkaichi Pollution and Environmental Museum for Future Awareness By: Nani Zara, Indonesia Linkage Program (ILP)

It was a precious experience that on the 3<sup>rd</sup> day, as the last part of MPE Field Trip held on 20-22 of February 2018, we (PPT and ILP students) visited Yokkaichi Pollution and Environmental Museum for Future Awareness. Located in Yokkaichi city, Mie Prefecture, the museum is a modern, fascinating and well-designed facility aiming to capture lessons of Yokkaichi Pollution that the city experienced in 1960's. Aside from ensuring that the future generations could always learn from history, it also presents the local and national efforts in balancing industrial development and environmental preservation as well as introduces technologies obtained in improving the environment. In this writing, I would like to share about Yokkaichi's history at a glance and how our trip took place.

Re-established as the center for petroleum refining and processing in 1955, Yokkaichi is one of the cities across the country where large plants were constructed during the period of rapid economic growth after World War II. The great damage happened in the city in 1960's, widely known as Yokkaichi Pollution, was the situation where many people suffered asthma due to air pollution caused by these plants' production activities. The distinguishing thing is that ahead of many other cities that hit by similar serious pollution problems, Yokkaichi City was a pioneer in implementing medical aid systems for those who have pollution-related health damage and in regulating emissions standards.



Later in 1967, when the situation was getting worse, emergency alerts were issued by Mie Prefecture authorities to residents, followed by relocations of hundred families who live near the plants. Subsequently, the so-called Yokkaichi Air-pollution Lawsuit initiated by victims who lived in the most affected area, was filed. It was a historic event which triggered the entire parties to solve pollution problems in a comprehensive and simultaneous way, along with to manage the cooperation between citizens, companies and authorities in achieving industries and environment harmony. As a result, in 1976, after simultaneous efforts done to diminish the pollution, the concentration of sulfur dioxide (SO<sub>2</sub>) in the air that is considered to be the main cause of diseases was successfully decreased. The city has been able to maintain the excellent environment until now.



To deliver the whole story of Yokkaichi, the museum is divided into three main areas: Study Area in the 1<sup>st</sup> floor, Exhibit Area in the 2<sup>nd</sup> Floor and Activity Area in the 3<sup>rd</sup> floor. After warm welcome speech from the Director of Yokkaichi Museum in the 1<sup>st</sup> floor, we were enlightened by watching a short video explained the history of Yokkaichi Pollution. It is very unique that the meeting room itself is designed as a replica of elementary school classroom during the disaster period. It dramatically shows how bad the pollution was, with large air purifier put at the corner of the



room to filter the emissions, a row of tap water placed in the back to ensure students washing face and gurgling at least six times during the day, and no opened-window allowed even during the summer. Out of the window, there are pictures of the giant plants located very close to the school.

Following the opening, we explored the 3<sup>rd</sup> floor. It was an enjoyable walk where we could travel through space and time to perceive the Yokkaichi history from early 15<sup>th</sup> century period to present in a single flow. The period is divided into ancient times, medieval times, and early modern times. It shows how Yokkaichi daily lives has changed through the development by displaying life-size reproductions of pit house, Yokkaichi Market and Yokkaichi Port at each different period.

Afterwards, we moved to the 2<sup>nd</sup> floor, as the main area to learn about Yokkaichi Pollution. It systematically exhibits the three parts of disaster consisting of: the serious loss caused by pollutions, the process of how the pollution were produced and the innovations undertaken to set better environment. Since the area is fully equipped by sophisticated audiovisual facilities -such as a theater that play videos explaining the Lawsuit process- old photographs and pictures, we could experience how the struggle of the city has successfully brought Yokkaichi achieving a best balance in the development.



Faculty/admin staff with students at the Yokkaichi Pollution and Environmental Museum for Future Awareness

As the closing session in that day, we had a nice discussion with a speaker who is an expert in Yokkaichi Pollution history and actively engaged with organizations concerning to environmental issues and then we visited Yokkaichi Port building to observe the petrochemical complex in platform 3 from distance. There we could clearly see that although the platform is a very busy industrial area, but it only produces a very low level of harmless pollutants that allowed under the strict legislation.

Overall, an important lesson learned from Yokkaichi Pollution is that with responsibility of all entities to build the better environment, a tragic disaster could turn into a better hope for the future. Therefore, I am very grateful to the MPE Program (Professor Parsons and team) for bringing us to this joyful and impressive trip.



## Student News

### The Quasi-Negotiation on Tax Treaty By Symon Mkandawire, Malawi, Cohort 19

Part of completion of a Master's Program in Public Policy and Taxation at Yokohama National University is that students are attached to train at the National Tax College (NTC) which is the training branch of National Tax Agency (NTA), the administrative agency in charge of assessment and collection of national taxes in Japan under the Ministry of Finance. Our cohort 19 was no exception. The training was conducted every Monday from September 2017 to June 2018 together with students from three more universities making us a total of 17. The training was rich with knowledge about the entire Japanese Tax system; law, administration, challenges, enforcement, field trips and ICT just to mention a few.



Mr. Symon Mkandawire at the right and Ms. Teeka Upadhyaya at the left

As globalization is increasing rapidly, businesses and other organizations are developing international influence by expanding their operations and generating income on an international scale. As such, it is increasingly becoming impossible for tax agencies and authorities from all countries in the world to discuss taxation without international taxation because incomes generated from such international transactions are supposed to be taxed and usually prone to double taxation by the contracting states if there are no agreements between the states on how to tax such income. It is from this premise that the National Tax College includes Quasi-negotiations in the practicum. For our cohort, the intensive lecture sessions Quasi-Negotiation on Tax Treaty were delivered by Professor Komamiya from March 5<sup>th</sup> to 9<sup>th</sup> and under his supervision, we had to practice how the negotiations are done on April 9<sup>th</sup> and 16<sup>th</sup> sessions.

In the intensive lecture sessions, we looked at the OECD and UN models which are used as guidelines for coming up with drafts for countries to negotiate tax treaties in line with the Indonesia and Japan tax treaty. There are so many aspects that we learnt but the main one being that in negotiations both parties should show a willingness to give up a taxing right to get to an agreement; otherwise, there will not be a treaty.

After the lectures, we had two sessions in which we had to put what we had learnt earlier to practice. We were divided into four teams representing different countries. My team represented Japan which entailed coming up with a draft, which we had done before these sessions and final negotiations with the other team that represented Indonesia. It was very intense but finally came up with an agreement.

In conclusion, these negotiations have been quite a wonderful experience. They have expanded my understanding of the topic. If given an opportunity to be part of real negotiations, I will be able to contribute positively. I believe the feeling is mutual with my fellow students.

## The Quasi-Negotiation on Tax Treaty By Teeka Upadhyaya, Nepal, Cohort 19

The Practicum at the National Tax Agency (NTA) of Japan is one of the important part of our Masters in Public Policy and Taxation program at Yokohama National University. So, for the partial fulfilment of the requirement of this program, each Monday we have attended NTA practicum for nine months from October to June with the Taxation Policy and Management students from Keio University and Public Finance students from National Graduate Institute for Policy Studies (GRIPS). During our practicum we got the opportunity of different field trips, themed discussions, discussions and presentation on tax issues, intensive lectures on tax treaty negotiation and participated in the practical sessions of quasi-negotiation on tax treaty.

Professor Komamiya explained very interestingly on UN Model, OECD Model, US model and Japan-Indonesia tax treaty models. For the practical session, participants were divided into four groups as the representative of Indonesia, Japan, USA and Malaysia. USA and Malaysia, Japan and Indonesia needed to be negotiated. Before negotiation, each group prepared the draft for the negotiation and in the practical session each group discussed each other on each article mentioned in the draft with the negotiating country. After negotiating with the counterpart, each group prepared the final negotiation report which is supposed to be submitted to their respective countries in real settings of negotiation.

The intensive lectures and the practical sessions of tax treaty negotiation were really fruitful in terms of developing the skill and capacity of negotiation and strengthened the confidence of the participants to implement in the real setting.



Prof. Komamiya at the center during the Quasi-Negotiation session

### National Tax College Research Paper Presentation Practicum at the NTA (Cohort 19)

On April 23, the five 1<sup>st</sup> year students presented their research papers at National Tax Agency completing their study of taxation at National Tax College. The practicum was successfully completed thanks to the dedicated teaching of NTC professors, many well-organized field trips, residential training at Wako and the enormous efforts of NTC staff to facilitate their study.



#### List of Research Paper Titles

Mr Symon Mkandawire (Malawi): *“Improving International Taxation in Malawi, Lessons from Japan”*

Mr Akalu Kibret Hailu (Ethiopia): *“Improving VAT Administration and Compliance in Ethiopia: Lessons from Japan”*

Mr Safilidin Muhamad Ramli (Malaysia): *“Comparative Study of Field Tax Examination System between Malaysia and Japan”*

Mr Ariful Hoque (Bangladesh): *“The Role of Taxpayer Services in Bangladesh: Lesson from Japan”*

Ms Teeka Upadhyaya (Nepal): *“Enhancing Tax Compliance in Nepal, Lesson from Japan”*



National Tax Agency Practicum Graduation Ceremony and Reception was held on June 18, 2018.

The students were honored to have embassy dignitaries of their respective countries attend to see them receive their diplomas and celebrate their achievement with them at the reception.



## Department News

### MPE Office Staff

We are pleased to have Ms. Chikako Kiyosawa back with us in the MPE Office since May 1<sup>st</sup> after her six-month compulsory leave from YNU (due to government policy). She works in the office three days a week (Monday, Tuesday and Thursday). Welcome back (“Okaerinasai” in Japanese) to Kiyosawa-san!

Professor Craig Parsons, Director  
Professor Keiichi Yamazaki  
Professor Hiroyasu Uemura  
Associate Professor Xinyuan Zhang  
Associate Professor Nozomu Muto  
Assistant Professor Keiko Ishiwata

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