

# THE JOURNAL

THE AUTHORITY ON GLOBAL BUSINESS IN JAPAN

[JOURNAL.ACCJ.OR.JP](http://JOURNAL.ACCJ.OR.JP)

## NEW ERA FOR **DEFENSE** ALLIANCE



# IKEA® BUSINESS

## Smart ways for clever companies

### No annual sign up fees IKEA BUSINESS membership benefits

#### Member-only offers

We offer campaigns and special price offers on select products throughout the year, only for our IKEA BUSINESS members.

#### Interior planning service

We can help plan a new layout for your office, shop, cafe, restaurant, model home or other business spaces with the best choice of IKEA furniture based on your style, space and budget.

(Reservation required/fee ¥9,900 per layout, refundable with purchase of ¥200,000 or more)

#### E-mail order service

IKEA BUSINESS members with an IKEA BUSINESS Billed Account card can order via e-mail and pay for their purchase by bank transfer up to 60 days later, with no finance charges.

(Applications available in-store or at [www.IKEA.jp/business](http://www.IKEA.jp/business)).

#### Assembly service

With a purchase of ¥200,000 or more, the assembly service charge is reduced to 15% of the purchase price of goods to be assembled. You save 5% off the normal charge of 20%.

(Some restrictions may apply, ask in-store for details).

#### 50% off IKEA restaurant drink bar

As a member, you and your guests will all get our drink bar for half price.

(Offer is not available on Sat-Sun and national holidays, as well as 1/2/2015 and 8/10-14/2015).

#### E-newsletters

You will receive the latest information on events and special offers from your local IKEA store.

#### Seminars and events

You are invited to special seminars and events only for IKEA BUSINESS members at any IKEA store in Japan.



[www.IKEA.jp/business](http://www.IKEA.jp/business)



### Need help planning your office, meeting room, shop, restaurant, cafe, model room or other space?

Use our Interior Planning Service, exclusively for IKEA BUSINESS members.

Sign up for an IKEA BUSINESS members card, if you haven't already. It's free and it's easy.

STEP 1



STEP 2



STEP 3



STEP 4



STEP 5

Go on line and book an Interior Planning Service reservation.

Come to the store and discuss your planning needs with our Interior Planning staff.

We will prepare your 2D layout, photo collage and estimate. This will be sent later via email.

Finalize your plan, including delivery, assembly and other details via email. For added ease of shopping, sign up for an IKEA BUSINESS Account card and we can arrange all this and bill you for your order by email.

# CONTENTS

VOL. 52, ISSUE 5

**COVER IMAGE:**  
U.S. Army Gen.  
Martin E. Dempsey  
(left), chairman of the  
Joint Chiefs of Staff,  
greets Prime Minister  
Shinzo Abe before a  
meeting in Tokyo on  
March 25.

**Credit:**  
U.S. Department  
of Defense

## 4 **FEATURED CONTRIBUTORS**

### 7 **EDITOR'S DESK**

Vision and Legacy

BRANDI GOODE

### 9 **SOCIAL MEDIA**

Trending on the Web

### 10 **COVER STORY**

New Era for Defense  
Alliance

JAMES L. SCHOFF

### 14 **THE THIRD ARROW**

JA Reforms Open Door  
to Widespread Change

MARTIN FOSTER

### 17 **J-MEDIA**

Fixated Concepts  
Stymie Development

TRANSLATION OF ARTICLE BY  
WILLIAM H. SAITO

### 18 **TIES THAT BIND**

JFK Legacy Today

TOM BENNER

## 20 **ARTI-SENSE**

Maito Lives to Dye Each Day

KIT PANCOAST NAGAMURA

## 22 **MARKET TRENDS**

The Civic Case

How *HuffPost* is changing Japan's  
media landscape

RICHARD SMART

## 24 **PARTNER CONTENT**

The Biggest Comebacks of  
the Past 20 Years

FAST COMPANY

## 28 **PARTNER CONTENT**

Foreign Investors Snap up  
Property on Weak Yen

NIKKEI ASIAN REVIEW

## 30 **VOICES OF JAPAN**

Shaking Hands  
with the World

DR. NANCY SNOW

## 39 **ACCJ MEMBER NEWS**

### DISCLAIMER

Custom Media and the ACCJ will not accept liability for any damages caused by the contents of *The Journal*, including, but not limited to, any omissions, errors, facts or false statements. Opinions or advice expressed in the *The Journal* are not necessarily those of the ACCJ or Custom Media.

## JAMES SCHOFF

“New Era for  
Defense  
Alliance”  
page 10



**Hometown:** Pelham, New York

**Languages:** English and Japanese

**Most memorable interviewee:**

Ichiro Ozawa, in 1992, not long before he left the LDP

**Favorite place in Japan:** Too many to mention...Tohoku, Yokohama, Inland Sea, Okura Hotel...so I'll say any *onsen*.

**Years in Japan:** Lived in Japan for a total of five years, but have been going back and forth since I first studied there in 1986.

**Mentor:** George Packard, for one

**Favorite author:** Maybe Tom Robbins, but it's been a while since I've read fiction.

**Social media handle:** @SchoffJ

**Currently reading:** Robert Gates' *Duty: Memoirs of a Secretary at War*

**Hobbies:** Love to garden and cook

**Thoughts on print journalism:**

Still a fan, and my kids read the paper every morning.

## TOM BENNER

“JFK Legacy  
Today”  
page 18



**Hometown:** Boston, Massachusetts

**Languages:** English and Spanish

**Most memorable interviewee:**

Michael Dukakis

**Favorite place in Japan:** Tokyo

**Years in journalism:** Three decades

**Mentor:** Eknath Easwaran

**Favorite author:** Joseph Mitchell

**Social media handle:** @tgbenner

**Currently listening to:**

JFK's recorded speeches

**Secret skill:** Beatles trivia expert

**Thoughts on print journalism:**

The blog post and the tweet owe it all to the 800-word newspaper column.

## KIT NAGAMURA

“Maito Lives to  
Dye Each Day”  
page 20



**Hometown(s):** Coconut Grove, Florida and Cape Breton, Nova Scotia

**Languages:**

English, Japanese, and French

**Most memorable interviewee:** Some standouts would be Raymond Carver, Kusama Yayoi, and Okamoto Taro

**Years in journalism and Japan:** Over 20 years in Japan, and 25 years in publishing (fiction, poetry, haiku, essays, and journalism)

**Mentors:** My fearless and fiercely intellectual parents; Dr. Shuichi Kato; my writing instructors John Hawkes, Jim Shepard, and Charlie Baxter, my husband and my son, Yanagi Soetsu, Matsuo Basho.

**Secret skill:** I can whistle really loud and paint exceptionally well.

**Thoughts on print journalism:**

To give up print journalism would be like giving up individual transportation and allowing someone else to dictate how, when, and where you travel. Sure there's convenience to be considered—online offers that—but print journalism travels freely, widely, and without being excessively tracked. That could be more important than any of us know.



uniquebydesign.jp  
2013 Company of the Year

**Publisher**  
Simon Farrell

**President**  
Robert Heldt

**Studio Manager**  
Paul Leonard

**Editor-in-Chief**  
Brandi Goode

**Graphic Designers**  
Michael Pfeffer  
Ximena Criales

**Client Services Director**  
Sam Bird

**Client Services Manager**  
Joy Fajardo

**Marketing Manager**  
Megumi Okazaki

**Account Executives**  
Jamie McAlister  
Yunnes Evans  
Greg Sawyers  
Aaron Minnick

**Media Coordinator**  
Kana Shimoyoshi

**To advertise:**  
accj@custom-media.com

**Custom Media**  
Publishers of *The Journal* for the American Chamber of Commerce in Japan. Specialists in bilingual brand strategy/visual communications, corporate bespoke solutions. Producers of Business in Japan TV.

Daiwa Azabudai Bldg. 6F  
2-3-3 Azabudai, Minato-ku,  
Tokyo 106-0041

Tel: 03-4540-7730

© 2015 Custom Media K.K.

*The Journal* is printed on paper certified by the US Forest Stewardship Council with vegetable oil ink certified by the Japan Printing Ink Makers Association.



# Asia Strategy: Business Intelligence, Public Policy & Advocacy

Japan's leading political risk,  
policy research and business  
consulting company™

Celebrating over 20 years of providing government relations, policy analysis, and business and political intelligence solutions in Japan to many of the world's best-in-class corporations and alternative investment funds with strategic stakes in Japan.

Toranomon 40 MT Building, 9th Floor  
5-13-1 Toranomon  
Minato-ku, Tokyo  
105-0001  
Tel +81-3-3438-0833  
Fax +81-3-3438-0834  
keith.henry@asia-strategy.biz  
www.asia-strategy.biz



DEFINING THE INTERSECTION OF BUSINESS, POLITICS AND POLICY™

# Professional Network of Knowledge



## Your Outsource Accountancy Partner

We are committed to becoming an integral part of our clients' businesses by providing reliable and dependable accounting solutions.

Our goal is to understand your specific needs and align our services to drive more efficient operations that deliver sustainable value at reasonable prices.

Our bespoke approach leverages our knowledge, experience, and international best practices to help you focus on growth and expansion of your business.

**JBA BPO F&A Practice has a full suite of services and solutions from transactional processing to higher-end services with bilingual professionals to serve you:**

### Accounting and Bookkeeping:

Daily bookkeeping  
AR/AP/bank operations and reconciliation  
Reporting packages (US/Japan GAAP, IFRS)  
Payroll (calculation, payment and reporting)



### Tax Services:

Corporate and Individual (compliance and advisory)



### Other JBA Group services and solutions:

Market Entry and Company Set-up  
Translation Services  
Internal Controls (SSAE 16/86)  
Sarbanes-Oxley Compliance  
GAAP-IFRS Convergence  
M&A Advisory (Financial Due Diligence and Valuation)  
Risk Management  
ERP Implementation  
Global Network



Accounting & Tax Professional Firm

Japan Business Assurance Co., Ltd.  
JBA TAX Co., Ltd.

6F Nissei Hanzomon Bldg., 1-3 Kojimachi  
Chiyoda-ku, Tokyo, 102-0083

[info@jbacc.com](mailto:info@jbacc.com)

[www.jbacc.com/english](http://www.jbacc.com/english)

# VISION AND LEGACY



Brandi Goode  
brandi@  
custom-media.com

## As we go to print, all eyes are on Prime Minister Shinzo Abe's pending visit to the United States.

As the first Japanese prime minister to address a joint session of Congress, Abe is expected to endorse US–Japan trade and defense ties.

The latter topic is spotlighted in *The Journal* this month. While the defense industry is often viewed in terms of complex equipment and covert negotiations, our cover story (see page 10) highlights the economic potential for businesses in Japan. The door to new opportunities was opened with Tokyo's revision of the national security strategy in April 2014, to allow arms-related exports.

The commercial potential will extend beyond major defense contractors. As ACCJ Chubu

member Rob Jacobs points out, new government-driven projects are expected to stimulate all defense sectors and generate an economic trickle-down effect (see page 44).

## GLOBAL CITIZENS

Our May issue features an article on former US President John F. Kennedy (see page 18). Like Abe, he was a trailblazing leader who, prior to his tragic assassination in 1963, had been planning the first visit to Japan by a sitting US president.

At a time when JFK's daughter, Ambassador Caroline Kennedy, represents US interests in Japan, the JFK legacy is alive and well. Both Abe and former US President Bill Clinton spoke at a symposium honoring the late leader, emphasizing the impact his ideals—public service, global citizenship, diplomacy, inclusion, as well as science and innovation—had on their own political careers.

## NEW MEDIA

One of our syndicate partners this month is *Fast Company*, with a feature listing familiar items and brands that

have made impressive comebacks over the past 20 years (see page 24). Apple, General Motors, Marvel, and Delta top the list, and can all serve as inspiration for ailing marques in need of resuscitation.

Also included is an interview with the editor-in-chief of *The Huffington Post Japan* (see page 22), who says the site is intended as a two-way forum for readers to comment on issues of the day and interact with people in power.

We hold a similar vision for *The Journal*. So far we've received some positive feedback on the relaunch, regarding both content ("It's like a breath of fresh air") and design ("It looks like it should be in a bookstore"). The best way for you to get the magazine you want is by asking for it, so please let us know how we're doing by writing to [accj@custom-media.com](mailto:accj@custom-media.com).

Finally, this will be my last issue before going on maternity leave. I look forward to catching up with each of you in the fall, and until then, my colleague John Amari will be taking care of *The Journal*. ■

## When your next hire in IT is critical, one name should Spring to mind.

Spring Professional is an international recruitment firm specialising in engineering and information technology.

**We bring great people to great organisations.**

### Spring Professional Japan

20F Roppongi Hills, Mori Tower, 6-10-1 Roppongi, Minato-ku, Tokyo  
Tel: 03 4520 6130 | Email: [inquiry@springjapan.com](mailto:inquiry@springjapan.com)  
[springjapan.com](http://springjapan.com)

**Spring**  
Professional



# BRAND YOU.

You are your Brand.  
Randstad Professionals

With 117 offices across Japan, Randstad's Professional Search & Selection team is ready to support your HR needs in mid to senior management recruitment search. Contact us today for more information about our range of HR solutions including temporary and contract staffing, outplacement and employer branding.

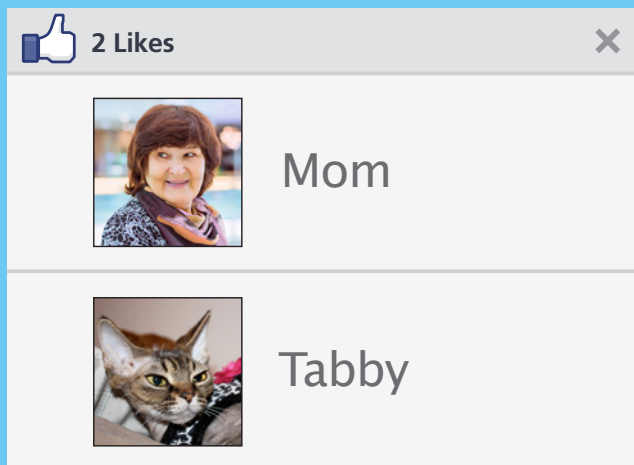
contact: <http://www.randstad.co.jp/professionals/>

✉ [professionals@randstad.co.jp](mailto:professionals@randstad.co.jp) ☎ 03-5275-1876



Staffing | Professionals | Outsourcing | HR Solutions

When your  
online presence  
looks like this.



2013 Company of the Year  
[www.custom-media.com](http://www.custom-media.com)

## It's time to friend us.

Custom Media is an award-winning media, design and market-entry agency specializing in innovative print and digital publishing—magazines, marketing, websites, social media, apps, videos and communications.

**Contact us:**

[unique@custom-media.com](mailto:unique@custom-media.com)

# NOW TRENDING ON THE WEB



## IN THE NEWS

Tweets from leading media outlets



## FROM JAPAN

Tweets in Japanese from people and media



## TOP HASHTAGS

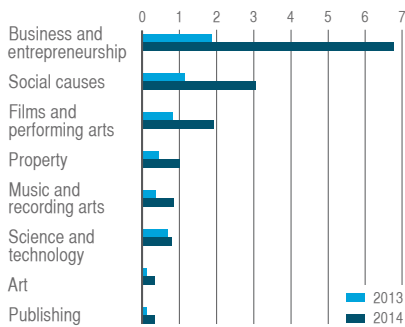
This month: Popular tags from the top 30 list



## LINKEDIN

Discussions from global leaders

### Global crowdfunding - By sector, \$bn



Sources: Massolution

### The Economist

@TheEconomist

Crowdfunding platforms raised \$16.2 billion last year.

**Which sectors pull in the crowds?**

<http://econ.st/1Fb3d6z>

### Slate

@Slate

Worried Your Country Doesn't Have Enough Babies? Make It Easier for Women to Work.

<http://slate.me/1DluNfd>



### 病理医ヤンデル @Dr\_yandel

ツイッタランドで政治的信条の話はするつもりないけど、とりあえず病院の前で大音量あげる市議候補は落選してほしいな。先日は「一日も早い回復をお祈り申し上げます!」とか言っていて、純粋にうるさかった。

I don't usually discuss politics on Twitter, but I hope those candidates who give loud speeches in front of hospitals lose the election. Their behavior is rude, despite their comments saying, "get well soon!"

### nakamukae @nakamukae

子供が蹴ったボールで事故、親の賠償責任認めず 最高裁 <http://www.asahi.com/articles/ASH486HS1H48UT-IL03V.html> ... 高裁までの「グラウンドで子供が蹴ったボールを避けたら転んで入院したら認知症になって肺炎になって死んだから親の責任」という判決が最高裁で逆転された。常識的な判断がなかったと思う

The Supreme Court says it is not parents' obligation to pay reparations for an accidental death caused by a child. The high court overruled the decision in the retrial stage of a case where the victim had cognitive impairment and died of pneumonia after falling, from trying to avoid a soccer ball kicked by a child in a nearby playground. I support this judgment.\*

\* Translations of original content in Japanese

### TC

@TechCrunch

Twitter replaces the Discover tab with an enhanced Trends section that includes brief descriptions of trending topics

<http://tcn.ch/1Cpgj9m>

Rank

- 1 **#KCA**  
(Kids' Choice Awards)
- 17 **#SoFantastic**
- 19 **#android**
- 23 **#ipad**
- 25 **#FF**  
(follow Friday)

Yoshito Hori, [influencer](#)  
Founder and President of GLOBIS MBA

### AVENGERS ASSEMBLE! 3 TAKEAWAYS FROM DAVOS

#### 1. Tech on the back foot:

Tech companies are becoming the big brother corporations that everybody loves to hate.

#### 2. Shapeless "monster" threats:

Now the biggest threats we confront are all from non-state actors, such as ISIL, diseases, and climate change.

#### 3. Trust goes missing:

The market, media, tech sector, and government have become suspicious in the public eye.

Carlos Ghosn, [influencer](#)  
Chairman and CEO, Renault-Nissan Alliance

### AN APPLE CAR? WHY NOT?

I have always looked at other automakers that build EVs as allies, not competitors. We are all promoting a technology that's important for the sustainability of our industry and our planet.





# NEW ERA FOR DEFENSE ALLIANCE

By James L. Schoff

A U.S. Air Force exercise on Kadena Air Base in Okinawa City on April 1

U.S. DEPARTMENT OF DEFENSE

What a difference 30 years make. In the mid-1980s, the United States and Japan began a wary partnership in the defense technology arena, developing a new fighter jet for the Japan Air Self-Defense Force amid intense trade friction. Many in Washington feared that Japan would use the joint project to make competitive gains for its aerospace industry at the expense of US companies. The result was an uneasy collaboration that left both sides dissatisfied.

Today, Japan's government is overhauling the way it develops, procures, and exports defense equipment, in a series of bold steps that could open a new avenue of high-tech cooperation, this time with US encouragement. Although many challenges remain, the United States and Japan are at the forefront of a new era of private- and government-sector collaboration.

## TURNING POINT FOR TOKYO

Japan's move to enter the global defense market is just one part of a new national security strategy unveiled in late 2013 by the administration of Prime Minister Shinzo Abe. Concerned with rising Chinese military spending, as well as North Korea's ongoing nuclear and missile programs, the Abe government is taking steps to empower the Japan Self-Defense Force (JSDF). This includes a focus on enhancing defense-related production and technological bases.

Japan's goals are to extract more value from limited defense spending, strengthen the country's defense industry (for both economic and national security benefits), and bolster its alliance with the United States and other world partners (to enhance competitiveness and deterrence).

Tokyo initiated the defense-industry component of the strategy by revising its principles on the transfer of defense equipment and technology in April 2014. From the end of World War II until this administration, Japanese governments have effectively banned defense exports as a way to demonstrate the country's commitment to peace and avoid foreign entanglements. Banned exports included items with any

Japan-made components, which made Japanese companies undesirable business partners because a co-developed product could only be sold in Japan.

Tokyo allowed a few exceptions when the United States and Japan collaborated on certain missile defense and aircraft technologies, but this never opened the door to meaningful exports. Instead, Japan's defense industry focused only on the domestic market, developing sophisticated capabilities but in small quantities and at relatively high prices.

Under the new rules, Japan allows defense transfers overseas in a variety of situations, including those that support peacekeeping and disaster relief efforts as well as "international cooperation." Transfers must also contribute to Japan's national security, such as by implementing joint development projects and deepening defense cooperation with allies and partners.

The new rules also allow so-called third-party transfers, or sales to another country beyond the initial buyer, when "appropriate control" of that technology is ensured, further widening the potential market.

The first export license Japan issued under the new rules was for a small gyroscope used by the United States in the Patriot missile defense system. But it probably will not be long before the government issues licenses for parts of a submarine sold directly by Japan to Australia, or an entire patrol plane to India. “This is a new challenge and opportunity for Japan,” Lockheed Martin Japan Director Chuck Jones told the *Tokyo Shimbun* in March.

In June 2014, Japan followed up its revised principles for defense transfers by publishing the *Strategy on Defense Production and Technological Bases*, which aims to help industry navigate both the greater competition and the opportunities expected from the new transfer policies. The strategy calls for forging long-term government and industry partnerships, doubling the upper limit for contracts to 10 years, promoting international joint development of certain technologies, formulating an R&D vision for the industry, and strengthening research cooperation with universities, among other measures.

Another key to shoring up the defense industry is Japan’s formation of a new agency to oversee the entire procurement process, from R&D and identifying military requirements, all the way through selection, purchasing, and life-cycle management of the equipment. Wayne Fujito of Decisive Analytics Corp—who also heads the US National Defense Industry Association’s international division—considers this the most meaningful aspect of Japan’s new policies.

Over the course of 2015, the government is setting up the Acquisition Technology and Logistics Agency (ATLA) under the minister of defense, consolidating functions that had been scattered around the ministry and the JSDF branches and adding new capabilities to manage international collaboration and exports. According to Fujito, “the

establishment and execution of this new agency should be the real game changer for Japanese industry.”

### ALLIANCE OPPORTUNITY

In contrast to the 1980s and ’90s, US policy makers are welcoming Japan’s entry into the global defense arena. Washington sees an opportunity to broaden the US supplier network, improve cost efficiency, enhance alliance interoperability, and maintain an allied edge in certain military technologies where it fears other states are gaining.

Revised bilateral defense guidelines announced by the two governments in late April describe equipment and technology cooperation as a new bilateral enterprise. And large US companies such as Northrop Grumman and Lockheed Martin are currently upgrading their presence in Japan to take advantage of the changes. “We are exploring options for joint development with major Japan-affiliated defense companies,” says Jones of Lockheed Martin, and he wants this partnering “to reflect the expansion of overseas markets.”

The allies also have an opportunity to move beyond this incremental approach to take cooperation to a higher level by involving Japan as a partner in executing the US Defense Innovation Initiative, an effort that harkens back to America’s Cold War military competition with the Soviet Union. This time, China has joined Russia as a major concern, primarily due to its development of accurate long-range missiles and integrated air defense systems, among other military investments.

An important aspect of this US initiative is identifying, developing, and fielding breakthrough technologies in the areas of space, undersea, air dominance and strike, and air and missile defense, as well as a flexible basket of emerging

U.S. Army Gen. Martin Dempsey (center) and Adm. Katsutoshi Kawano at a ceremony commemorating the 70th anniversary of the Battle of Iwo Jima, on March 21.



technologies. The Department of Defense has organized small teams for each category, drawing on the best talent in the government and military, to solicit and receive information from industry, academia, federal labs, think tanks, and others—including other countries.

The United States is placing particular emphasis on the fields of autonomous systems, miniaturization, big data, and advanced manufacturing. Japanese prowess in robotics, energy storage, and artificial intelligence make this a natural avenue for fresh bilateral cooperation, involving not only traditional Japanese defense firms but also off-the-shelf commercial technologies from Japan repurposed for defense applications. Such collaboration could result in cheaper and more effective missile defenses (using electromagnetic rail guns or directed energy, for example) that could defeat Chinese cruise missiles without threatening China itself.

#### OBSTACLES AHEAD

Although the potential benefits of collaboration are great, so are the challenges. Many Japanese bureaucrats hoped that last year's defense transfer relaxation would stimulate multiple corporate deals and export license applications in something of a market-driven dynamic, but businesses are being cautious.

Most are looking for more guidance from the government regarding what kinds of collaboration will be supported, to clarify what ventures will contribute to “peace,”

“international cooperation,” and “national security.” Japanese executives note that simply making money is not a sufficient reason to receive export license approval, and many would feel more comfortable working within a government-to-government framework at this early stage.

Another challenge is the legal confusion about what kinds of assurances Japan requires regarding third-party transfers.

Tokyo's revamped defense procurement agency should help address some of these challenges, but ATLA will not be fully operational until the fall, and it is not clear yet how effective and well-funded it will be. This has the Ministry of Defense looking for ways to leverage other parts of the Japanese government, perhaps by conducting defense R&D in existing laboratories funded by the Ministry of Economy, Trade and Industry, or by receiving marketing or financing help from agencies currently supporting Japanese industry.



The Japan Air Self-Defense Force operates 13 E-2C Hawkeye aircraft, made by Northrop Grumman.



A U.S. Air Force sergeant takes part in a refueling exercise near Okinawa City.

U.S. DEPARTMENT OF DEFENSE



A fleet of F/A-18E Super Hornets fly over Mt. Suribachi on Iwo Jima during a return transit to their base in Atsugi.

U.S. DEPARTMENT OF DEFENSE

On the US side, Congress has put in place a variety of restrictions related to international defense procurement, and these cannot be sidestepped until Tokyo and Washington conclude a Reciprocal Defense Procurement Memorandum of Understanding (MOU). The US government has signed these MOUs with several other partners, but doing so involves a review process that can take up to two years. Industry representatives in both countries are exploring new opportunities and partnerships, but Fujito cautions “to remember the asymmetry between Japan and the United States regarding the size and scale of our respective defense industries.” He thinks it will take a few years for Japanese executives to feel comfortable entering into high-value deals with major US industry players.

Japanese businesses also face an element of reputational risk. Defense-related sales often make up just a small percentage of a company’s overall revenue, and many executives worry that high-profile arms exports might alienate the peace-loving Japanese public. This is especially true for companies considering first-time entry into the defense industry supply chain.

**Efforts will be driven by the market from the bottom-up, and guided—and occasionally subsidized—by top-down policymaking.**

### NEW BILATERAL ENTERPRISE

Defense cooperation can facilitate breakthroughs that could be applied to other fields such as energy efficiency, protection against terrorist threats, and mitigation of environmental challenges and natural disasters. Although increased cooperation is not aimed foremost at reducing procurement costs, it might also help in this regard.

Efforts will be driven by the market from the bottom-up, and guided—and occasionally subsidized—by top-down policymaking. Private industry will look to build partnerships and find ways to solve supply chain and technical problems, to make existing products more efficiently, and to develop innovative ways of satisfying evolving military requirements. The two governments, meanwhile, can work to build an enabling environment for bilateral cooperation, including opportunities for long-term R&D collaboration in strategic areas.

Industry in both countries should move quickly with small-scale cooperative projects to help establish administrative precedents while the architects of Japan’s new policies are in their current positions. Now is the time to invest (even if modestly), clarify regulatory parameters, and deepen personal networks in these fields. A strong technological edge for the allies will serve them and the region well in the future, just as it has before. ■

# JA REFORMS OPEN DOOR TO WIDESPREAD CHANGE

By Martin Foster

On April 3, the Japanese government announced laws designed to curtail the power of the Central Union of Agricultural Cooperatives—better known as JA-Zenchu, or JA—to audit local cooperatives, putting Prime Minister Shinzo Abe in control with a reformist agenda that echoes that of his former boss and past leader of the Liberal Democratic Party (LDP), Junichiro Koizumi.

Japan's agricultural cooperatives have essentially controlled who could plant what, where, and with what equipment for over 60 years, and breaking this power could have far-reaching implications for the world's second-largest capitalist economy.

For many, "it's the economy, stupid," is often used as the decider on all reform initiatives. Speaking at a September 2014 event hosted by the Weatherhead East Asian Institute at Columbia University, Richard Katz, editor-in-chief of *The Oriental Economist*, summed up many observers' frustrations with Japan's agriculture system by noting, "Japan would have higher GDP by paying all its farmers to retire and importing its food and/or stopping Japan Agriculture internal protectionism."

In the wake of the 2012 lower house election victory for the LDP and New Komeito coalition, agricultural reform became a priority item for Abe.

However, as Patricia Maclachan, associate professor of government and Asian studies at the University of Texas at Austin, and Kay Shimizu,

assistant professor of political science, Columbia University, point out, despite many of Abe's policies being bundled together under the label of "Abenomics," in the case of agriculture, boosting GDP was not necessarily the primary concern.

"At best, comprehensive agricultural reforms will probably increase GDP growth rates by less than one percent," according to Maclachan and Shimizu in a yet-to-be published academic paper titled:

"The Kantei vs. the LDP: Agricultural Reform, the Organized Vote, and the 2014 Election."

"Abe's reformist impulses are more likely motivated by a deepening crisis in the agricultural sector. Japan's rapidly aging farmers face a pressing shortage of successors in the context of rural depopulation. Farm household incomes are declining as a result of rising input costs and decreasing rice prices, and scarce farmland is mismanaged to the point where an area roughly one-and-a-half times the size of metropolitan

Tokyo is now lying fallow. Solving these and related problems is widely perceived as key to the long-term revitalization of rural areas and the alleviation more generally of socio-economic inequality in Japan," they say.

## ROOTED IN POLITICS

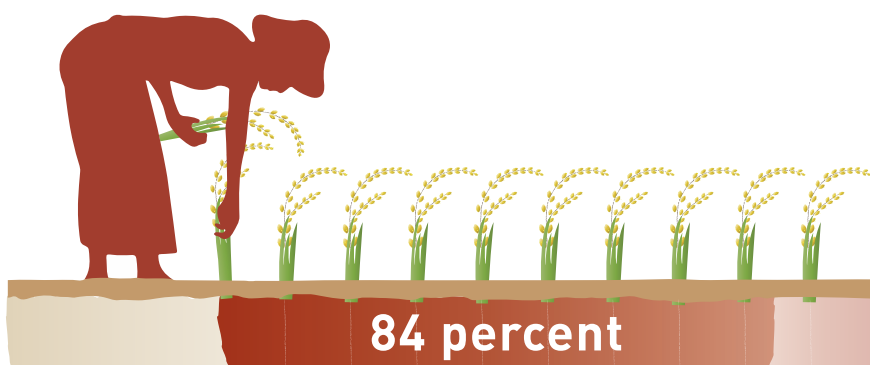
For Robert Feldman, Ph.D., the issue is political in nature.

"Japanese agriculture has been underperforming, because the distribution and bureaucratic system for overseeing and regulating the farmers is geared towards a political, and not an economic objective," he says.

"Japan would have higher GDP by paying all its farmers to retire and importing its food . . ."

These political roots can be traced to the land policy of the US occupying forces following World War II, which was designed to establish a conservative base in the countryside to offset the rise in leftwing agricultural unions. The resultant JA system is "the institutionalized form of the Macarthur land policy," Feldman notes.

The LDP later granted the JA virtual monopoly rights over agricultural distribution, in return for votes. "In Japan, agriculture has



of LDP Diet members elected  
in the 2012 general election  
had JA endorsements.

been a form of welfare and not an economic activity,” he says.

Although the role of the JA may seem monolithic in nature, some have chosen to step outside the system. This has reduced the influence of the organization, which until now has maintained a tight grip on farmers by dictating both their market outlets, and at the same time selling seeds, fertilizer, and machinery—sometimes at inflated costs.

Shuji Yazaki is responsible for fruit and vegetables at Ichiyama mart, a supermarket based in Chuo City, Yamanashi Prefecture, that contracts directly with local farmers and bypasses the JA to bring vegetables direct to the consumer.

“We help our producers reduce the transaction fees and costs that the JA adds on top of prices, and by directly sourcing from farmers we can provide the consumer with fresher produce,” he says.

With vegetable sales of around ¥700 million per year, Yazaki considers the company to be a major distributor of mushrooms in his area. Ichiyama mart is affiliated with Bimianshin, an Internet company that supplies produce sourced outside the JA network to consumers throughout Japan.

Outfits such as Yazaki’s are seen likely to force the JA to operate with more of a market orientation, while at the same time reducing the group’s ability to deliver votes.

“When the new organization is up and running, the individual JA

organizations around the country will have the incentive to operate much more efficiently,” Feldman says. “Because, if they don’t, somebody else is going to come in and undercut their prices.”

Trading companies may have the expertise to influence the future of the Japanese and global agricultural markets, given their distribution and marketing ability, Feldman suggests. “JA [bodies] don’t know that stuff, because the organization has been a perennial underperformer,” he says.

#### DUTCH INSPIRATION

Exports are clearly a market to be targeted, and Holland might serve as a model for Japan. According to Feldman, Holland exports about 90 times more agricultural products per unit of arable land than Japan does.

It is also interesting to note that Holland’s Rabobank serves a purpose similar to that of Japan’s Norinchukin Bank—operating as a de facto central bank for agricultural organizations throughout the country.

“But, the management orientation is totally different in Holland,” he says. “They are in business. And they are trying to find the highest-value-added products they can produce as they use their land.”

Nevertheless, there is no denying that the JA remains a

formidable vote-gathering machine, and many candidates in rural areas are unable to cut the umbilical cord connecting them to the organization.

“Although we will never know exactly how many votes JA musters in any given election, the fact that 162 (84 percent) of 194 LDP Diet members were elected in the 2012 general election had prefectural league endorsements underscores just how seriously the party continues to take them,” MacLachan and Shimizu say in their paper.

While Abe appears to have the upper hand, there are signs that he may not have been totally successful in defanging the serpent.

In January, in what was seen as a direct contest of wills between the government and the farmers, Yoshinori Yamaguchi, a candidate supported by the JA, beat out Keisuke Hiwatashi, the LDP candidate for governor in Saga Prefecture.

At the end of the day, maybe it truly is a case of “the economy, stupid!”

“Why would an organization like the JA—which has continually underperformed over a 60-year period to the detriment of their members—be able to survive in any rational economic environment? The answer is: it can’t,” Feldman says. “No company that performed like that would still be in existence.” ■

icon-partners.com

TEL: 03-4530-9600

# Icon Partners

Supply Chain Talent Specialists

S.C.M. • LOGISTICS • FACILITIES MANAGEMENT • FINANCE



## GOING THE EXTRA MILE

Our level of understanding, matching accuracy, tailored services and timely short-listing and introduction of candidates are just some of the reasons why Icon Partners leads the industry in supply chain management recruitment.

Nominee,  
2014 British Business Awards  
Company of The Year



## The Montessori School of Tokyo

For ages 2 to 14

*Confidence, Respect, Compassion*

The Montessori philosophy is based on a profound respect for each child as a unique human being, intelligent, curious and creative, filled with a sense of wonder and imagination. Montessori teaches children to think deeply, to think for themselves and to think about others.

MST is accredited by the International Montessori Council and is a member of the Japan Council of International Schools. Please visit our website or call to make an appointment to tour the school.

3-5-13 Minami Azabu, Tokyo. 03 5449 7067  
[www.montessorijapan.com](http://www.montessorijapan.com)



MST hosts some of the largest and brightest classrooms in Tokyo, and a beautiful library boasting over 8,000 volumes.



Our spacious garden provides our children with a green and natural outdoor space in which to explore, relax and play.



Sports meets, science fairs, school musicals and performance choir are among many exciting events enhancing our school year.



Our established 3-week summer camp, full of fun and enriching activities, emphasizes creativity and social development.

# FIXATED CONCEPTS STYMIE DEVELOPMENT

Translation of article  
in *Diamond* online  
by William H. Saito

@whsaito



Thomas Friedman, a Pulitzer-prizewinning columnist for *The New York Times*, gave a presentation at the Davos conference in Switzerland in January about how the “three Ms” in business have changed.

The first M refers to market forces, with globalization and the terms hyper-connected and interdependent at the forefront. Hyper-connected refers to how, via the Internet, both good and bad data is transmitted around the world at blinding speeds. Data that can wreak damage on a company’s reputation is virtually unstoppable nowadays.

Interdependent describes how everything is becoming mutually intertwined. From corporate infrastructures to our personal lives, we are dependent on IT, and when a system goes down, it can result in politics, the economy, and our very livelihoods collapsing into chaos.

The second M, for Mother Nature, refers to drastic environmental changes such as global warming. Businesses’ response to environmental issues will become an important point of differentiation. Take automakers for example, which are pouring funds into designing vehicles that are not only visually appealing but also eco-friendly, such as hybrid and fuel-cell cars.

The final M is for Moore’s Law, a concept introduced a half-century ago by Dr. Gordon Moore, one of the founders of Intel Corp. Moore observed that over the history of computing hardware, the number of transistors in a densely integrated circuit doubles about every two years. The principle has been extended to social and economic

applications, to describe the period when major change inevitably shakes up an industry. Moore’s Law is often used to guide strategy planning and research and development.

Looking at the list of “50 Smartest Companies” selected by *MIT Technology Review*, which I referred to in my April column, we can see that many of these organizations are incorporating the three Ms in their business model.

Japanese companies are woefully lacking in this area. While Japan can claim credit for having invented liquid crystal displays (LCDs), 3D technology, and the DVD, ultimately the most profitable aspects of these industries have been overtaken by foreign companies.

In Japan, the concept of making small improvements to finished products has become ingrained, with the tendency not to place value on the software that is ultimately linked to long-term profitability. Just think: what is the added value in the iPhone that ensures its growth? It originates not from the hardware, but from software. At its core, the product’s continued popularity can be attributed to the development of interesting and convenient apps. If Moore’s Law holds true, the iPhone itself may become nothing more than a component.

## HARNESSING THE POWER OF BRAIN WAVES

When considering the design of an aircraft that can be operated automatically, to enable precise control via a mechanical arm, the Japanese approach would typically entail production of the arm first, then adaptation so that it could be manipulated to fly the plane.

On the other hand, a US venture company has developed a system by which a plane can be operated using brain waves transmitted through a headpiece worn on a pilot’s head. Tests performed on an F-35 fighter jet (see page 44) simulator show that the head-mounted device can not only move the plane’s gearstick, but also control the angle of the aircraft.

Instead of the typical six-month training period for a fighter pilot to learn to fly an F-35, it has been suggested that with this device, a pilot could acquire the necessary flying skills in just four hours. Applied in a more general context, companies that become bogged down in fixed development methods will miss out on future areas of opportunity.

Unfortunately Japan seems behind in its capacity for flexible thinking. Venture companies here are overly dependent on *monozukuri* (the craft of making things), which means they often spend too much time trying to optimize micro aspects of a manufacturing process.

I question how businesses that are completely devoted to just one aspect of technology will ever survive.

Currently, gross profit earned from parts manufacture is only one-tenth of that earned from system development. Japan prides itself on being the world’s “parts shop,” but indulgence in this perception doesn’t bode well for a bright future. Profits from component development may last for several years, but eventually competitors will appear, prices will fall, and margins will shrink. ■

Full-length original article:  
<http://diamond.jp/articles/-/68156>

# JFK Legacy Today

How the late president transformed US–Japan relations

By Tom Benner ■ Photos courtesy of JFK Library Foundation

Robert F. Kennedy stood on the stage of Waseda University's Okuma Auditorium and looked out on an audience erupting in chaos.

It was February 6, 1962, and President John F. Kennedy's younger brother—also the attorney general and JFK's trusted adviser—had been dispatched to Tokyo to smooth over US–Japan relations, at a time when anti-US sentiments were running high. His mission encompassed laying the groundwork for the president's much-anticipated trip to Japan in 1964, which would have been the first visit by a sitting US president.

The gathering crowd was tense and unruly; the younger Kennedy had been advised by the CIA not to go at all. As Dartmouth College scholar Jennifer Lind describes it, pro-Soviet, pro-Chinese groups shouted at Kennedy, whose supporters yelled back. Chairs were thrown.

Remaining calm, the attorney general invited a particularly vocal student onto the stage to engage in discussion, reaching down into the audience to help him up. That, he said, was the democratic way. At one point, addressing the crowd on a bullhorn, he spoke about the importance of dialogue.

Kennedy's behavior won over both the students and Japanese television viewers. His visit proved to be a turning point in US–Japan relations.

## PEACE AND PROSPERITY

Fast forward to March 18, 2015. On the same Waseda stage, US Ambassador to Japan Caroline Kennedy—JFK's daughter—addressed a full house. She spoke to a far more polite audience about her father's wartime experiences, including the sinking of his U.S. Navy patrol boat by a Japanese destroyer, and his travels to Japan and other Asian destinations while serving as a congressman.

The John F. Kennedy Library Foundation's first international symposium on JFK, titled "The Torch Has Been Passed: JFK's Legacy Today," celebrated the ideals the president had championed—public service, global citizenship, diplomacy, inclusion, as well as science and innovation—and examined how they could address critical problems facing the world today.

"He understood the importance of the US–Japan alliance for future peace and prosperity in Asia, and he was determined to improve relations," the ambassador said.

Joining her to pay tribute was Prime Minister Shinzo Abe, who called JFK's courage and grace under pressure an inspiration to the Japanese people.

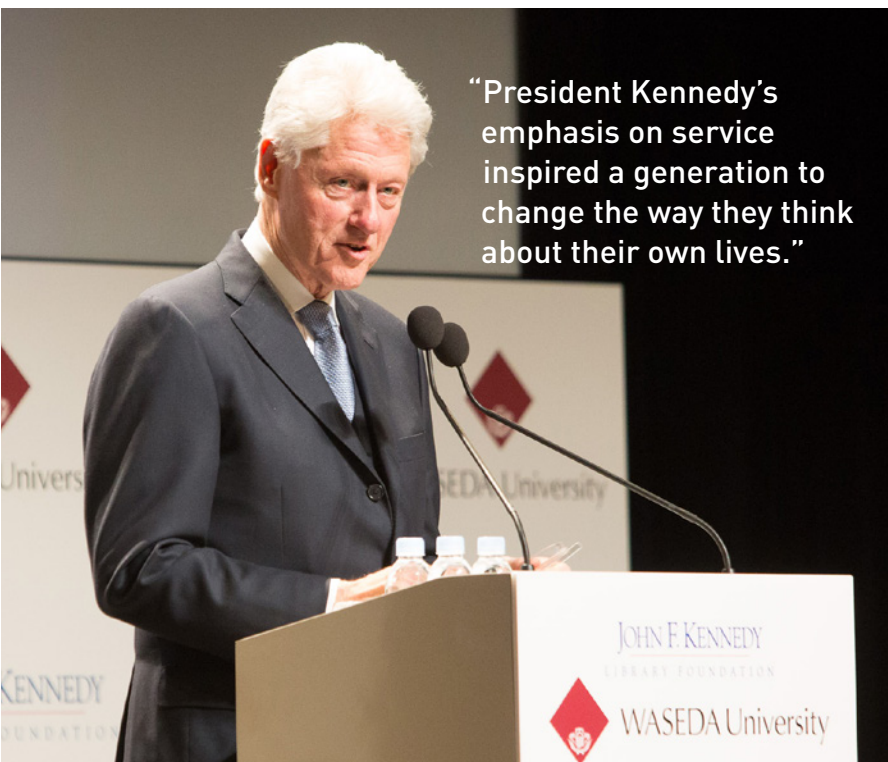
"We in Japan saw what leadership was in this young and vigorous president. I think that remains engraved in our mind's eye even today," reads the English translation of Abe's remarks. "What resonates in our mind's ear is JFK's voice. It was September 1962 when he said, in that slightly

President Kennedy (front left) meets with Prime Minister of Japan Hayato Ikeda (seated) and other officials on June 20, 1961.



The National Archives of Japan is curating a special exhibition, *JFK: His Life and Legacy*, that includes film, photos, and artifacts.

Through May 10, seven days a week  
[www.archives.go.jp](http://www.archives.go.jp)



Former US President Bill Clinton gives the closing keynote address.

high-pitched yet deeply penetrating voice, ‘We choose to go to the moon. We choose to go to the moon in this decade . . . not because [it is] easy, but because [it is] hard.’”

President Kennedy’s belief in the power to dream inspired Japan at a time when it was preparing to reemerge on the global stage, by hosting the 1964 Olympic and Paralympic Games, Abe noted.

“It was in 1963 that Japan became a full member of [the General Agreement on Tariffs and Trade], and the following year, 1964, when Japan became a full-fledged member of the [International Monetary Fund (IMF)] and the [Organisation for Economic Co-operation and Development]. That same year, Tokyo hosted the IMF–World Bank annual meetings just before the Olympics got underway.

“These [agreements] symbolize the post-war resurgence of the Japanese economy and the fact that Japan chose to join the free and democratic camp. Not a single one of these would have come to fruition without the leadership of JFK.”

Japan also was inspired by Kennedy’s stand against racial prejudice. “Let us, both the United States and Japan, cultivate the ability to dream, as well as reinforce our determination to stamp out discrimination and respect human rights,” Abe said. “Let us together make the world a better place, if only one step at a time. I believe that is the road to properly reciprocating the legacy that JFK left us.”

### NEW FRONTIERS

At a panel discussion titled “The New Frontier: Innovation, Inspiration and Inclusion,” Koichi Wakata, an astronaut with the Japan Aerospace Exploration Agency, recalled watching a live television broadcast of the first manned mission landing on the moon. JFK’s call to explore space inspired future astronauts around the world to collaborate for the good of mankind.

“This was all possible because of the seed that President Kennedy planted a long time ago, which has blossomed in this international manner,” Wakata said.

“It’s our responsibility to expand our frontier further . . . eventually to Mars. As President Kennedy set the challenge, that’s how we grow as a society. Unless you have a difficult challenge to overcome, you don’t get there. By doing this in an internationally cooperative manner, we will get over the difficulty and expand our knowledge, eventually making our world more peaceful and enriching and protecting our society.”

At a panel discussion titled “A Strategy of Peace: Crisis Diplomacy and Non-Proliferation,” moderator Chris Matthews of MSNBC’s *Hardball* noted that, since JFK, US presidents from both the Democratic and Republican parties have consistently appointed top-notch ambassadors to Japan. That list includes Edwin Reischauer (1961–66); Mike Mansfield (1977–88); Walter Mondale (1993–96); Thomas Foley (1997–2001); Howard Baker Jr. (2001–05); and Caroline Kennedy (2013~).

“The Japan–US alliance is highly valued,” said panelist Fumiaki Kubo, professor of American Government and History at The University of Tokyo.

In his keynote address, former President Bill Clinton said he was just 16 years old and part of a United Nations youth delegation when he met JFK in 1963. Kennedy told the young delegates that their opinions mattered and encouraged them to become involved in public life, which served as a key motivator of Clinton’s political ambitions. He also highlighted JFK’s creation of the Peace Corps as part of his vast international legacy.

“President Kennedy’s emphasis on service inspired a generation to change the way they think about their own lives,” Clinton said. “He said to us that, without regard to our differences in income, abilities, knowledge, or available time, everybody can give back—and should.” ■



JFK (right) was a pioneer in calling for space exploration for the good of mankind.



# Maito Lives to Dye Each Day

Text and photos by Kit Pancoast Nagamura

The heavy glass door to the Maito shop in Tokyo's Kuramae district slides open on a dreamscape of fabrics in soft earthen shades. A subtle rainbow gradation of dyed clothing hangs from a rack on one side of the store, and on the other, accessories—socks, scarves, and bags in tertiary hues—cover wooden tables.

Toward the rear, owner and artisan Komuro Maito, 32, maintains a dye workshop. Dodging plastic buckets and massive metal pots, he emerges, stripping off his stained rubber gloves to greet me warmly.

Pointing to baskets and jars filled with what resemble one-note potpourris, Maito gestures to explain the raw ingredients he uses to create *kusaki-zome*, or chemical-

free dyes. Chestnuts, plant roots, indigo leaves, and even cochineal bugs are processed to create the vast variety of colors seen in items from his shop. “There are 1,052 distinct colors registered as *kusaki-zome*,” Maito says, “but in reality there are probably far more than that.”

Though Maito represents only the second generation in his family to work with natural dyes, his grandfather and ancestors as far as nine generations back were all master weavers. The family, borne from centuries of fabric artisans, has undoubtedly given Maito and his father a singular foothold in the business.

“When you get down to it, both weaving and our work is really all about the thread,” Maito says, picking up an antique spool. “All the Japanese kanji characters for fabric production—*amu* (braid), *oru* (weave), *nuu* (sew), etc.—incorporate the kanji for *ito* (thread). That word *ito* is in my surname, and also the name of my shop. It is this thread that unites my work with the industry of others,” he says.



ARTI-SENSE MONTHLY HAIKU

young dye master  
tending vats of cherry boughs  
tastes the pink of spring



Following his comment, I realize the great degree to which Maito's craft is integrated with the fate of others. "These days, the global economy means that we can source and buy the cheapest products easily, and those goods flood the market," Maito explains. "This tends to decimate local artisans, and they go out of business. I've watched that happen again and again, and I understand the danger of it. If you make dyed thread, and the artisans who use your product all disappear, that's not good."

Maito has personally taken action to combat this. "I can't support every artisan financially," he laughs, "but I can offer ways to market what they make, or collaborate on

products, and I strive to help customers comprehend why money shouldn't be the only consideration when you purchase something."

For Maito, variety is key to cultural richness. "Take a piece of woven fabric," he says. "You might have a set image of what that is, but in Kurashiki, weavings tend to be thick, in Kyoto they are gossamer, in Gunma they are

made of silk—really, the variety is astounding. But if there's no livelihood attached to the product, no one will carry on the work, and we'll lose the know-how and the style."

Visiting workshops across the country on a regular basis, Maito sits down with artisans and helps them tweak products that might otherwise appear unfashionable or stylistically dated. "Artisans are rarely good designers," he says. Though an artisan himself, Maito attributes his awareness of current

styles and trends to establishing a retail base in Tokyo, separate from his production center in Kyushu. "Here, I learn what attracts customers," he says, "and I try to pass that knowledge along."

While Maito's store offers goods that deserve the appellation *dento kogeï* (traditional handicrafts), the designation doesn't suit Maito's strategy. "Just the words *dento kogeï* make young people want to run away," he claims.

"People associate traditional handicrafts with something expensive or musty, so I instead emphasize that my products are natural and sustainable. Yes, they are expensive, but absolutely worth the investment once you understand them."

To facilitate understanding, Maito holds monthly workshops in dyeing skills at his Kuramae store. The classes fill up as fast as they are announced, indicating a strong interest in Maito's natural and sustainable vision.

A stirring powerhouse of positive energy, Maito seems always on the move. Aside from traveling the country, teaching workshops, and running two storefronts—one in a commercial location for tourist trade and the one in Kuramae geared toward a younger local crowd—he has also just developed a secret technique for imparting natural dyes to leather goods.

On a whim, I ask Maito what dye color is the trickiest to master. "Sakura," he quickly replies, his voice hushed with respect. "We use trimmed or damaged branches, just budding. We need to brew all the bitterness out of the boughs, or the dye will produce yellow, brown or grey shades. When we achieve a sweet sakura fragrance, that's what will yield a soft pink color. We actually taste the dye bath, to judge it."

Maito then confides in me his dream of one day creating fabric tinted with the sakura trees in Washington D.C. That, I think, is a concept to dye for. ■

Maito attributes his awareness of current styles and trends to establishing a retail base in Tokyo.

The traditional artisans featured in this series have negotiated novel ways to survive, pushing their skills in new directions and devising methods to make their age-old products indispensable in a world of largely machine-made goods.



Komuro Maito with a basket of *akaso* stems, used as a red-hued dye

# The Civic Case

How *HuffPost* is changing Japan's media landscape

By Richard Smart

Ayako Sono caused a storm in February with a column in the *Sankei Shimbun* calling for apartheid in Japan. As international consternation grew, many overseas Japan watchers asked on social media whether the criticism was confined to the English-language press. It was not. *The Huffington Post Japan* had spotted Sono's baffling editorial soon after it was published and had quickly written a rebuke.

*HuffPost Japan*, 51 percent owned by its US namesake and 49 percent by the *Asahi Shimbun*, was launched in 2013. The Japanese outlet lacks the prestige of its parent, which won a Pulitzer Prize in 2012, but is nevertheless having a notable impact on Japan's media landscape.

Kosuke Takahashi had an agenda when he took over as head of *HuffPost* here in September 2014. "When I became the editor-in-chief," Takahashi told *The Journal*, "I put the priority on civic journalism. In Japan, traditionally, the government and authorities have been very strong [in influencing the media]."

*HuffPost's* role, as Takahashi sees it, is to represent minorities and create an online infrastructure that enables people to respond to those in power. "We carried a lot on Ayako Sono," Takahashi says. "Traditional Japanese media tend to hesitate criticizing rivals. We do not. We do not have strong ties with other media, so there's no reason for us to restrain ourselves from criticizing the *Sankei*."

Its criticisms, interestingly, have led to more users and advertising. "So far we have had no pressure from advertisers," Takahashi said. "Why? I don't know. Maybe we are still too small for [advertising agency] Dentsu, or maybe it's because we focus on ordinary people's lives."

The site, however, is still in the red. "We are monetizing. We have four salespeople. We are not in the black yet, but we will make it."

## NEW METHODS

This year, the *BuzzFeed* news site posted a story about a picture of a dress that appeared as different colors to different people. It received tens of millions of hits and became a topic of discussion across the globe.

"What has happened . . . is that the world has moved toward us," Ben Smith, *BuzzFeed's* editor-in-chief, wrote in an email to his staff. "What might, a few years ago, have been a web culture phenomenon, is today a cultural phenomenon." In other words, websites in the United States

now exert as much influence on culture as culture does on them.

That did not happen overnight. Years of experimentation on how stories travel through the Internet and the effects they have on people preceded "The Dress." Jonah Peretti set up *BuzzFeed* while he was working for *HuffPost* in the United States as one of its founders. "I was trying to understand," Peretti told journalist

Felix Salmon last year, "and am still trying to understand, why certain ideas spread and others don't, why certain things become popular, how people learn, how people make decisions, and how to use that knowledge to inform and entertain people."

Back in Tokyo, *HuffPost's* Takahashi grapples with similar problems. He also faces issues yet to be experienced in countries with slower mobile infrastructure: "About 70 percent of our readers [view our site on] smartphones. Revenue from smartphones is still much lower than [that from] PCs. Although we get much more traffic from smartphones, it's difficult to make money, so we do native ads. If Toyota pays us, we will write them a sponsored article. This doesn't rely on traffic, they just trust our brand."

Visiting the *HuffPost* homepage, alongside the hodgepodge of blogs, articles, and slideshows, the native adverts are easy to spot on smartphones. These advertorials, Takahashi hopes, will help the website turn a profit. But they also mean that *HuffPost* cannot focus merely on getting web hits from stories such as "The Dress."

"We need to enhance our brand image to get native ads from big clients," he says. "So we have a dilemma. We need traffic, but . . . people want international news, local issues, environmental issues, stories about how local people are suffering . . . that's civic journalism. 'The Dress' is less important, but our traffic [for *HuffPost's* version of that story was] very good."

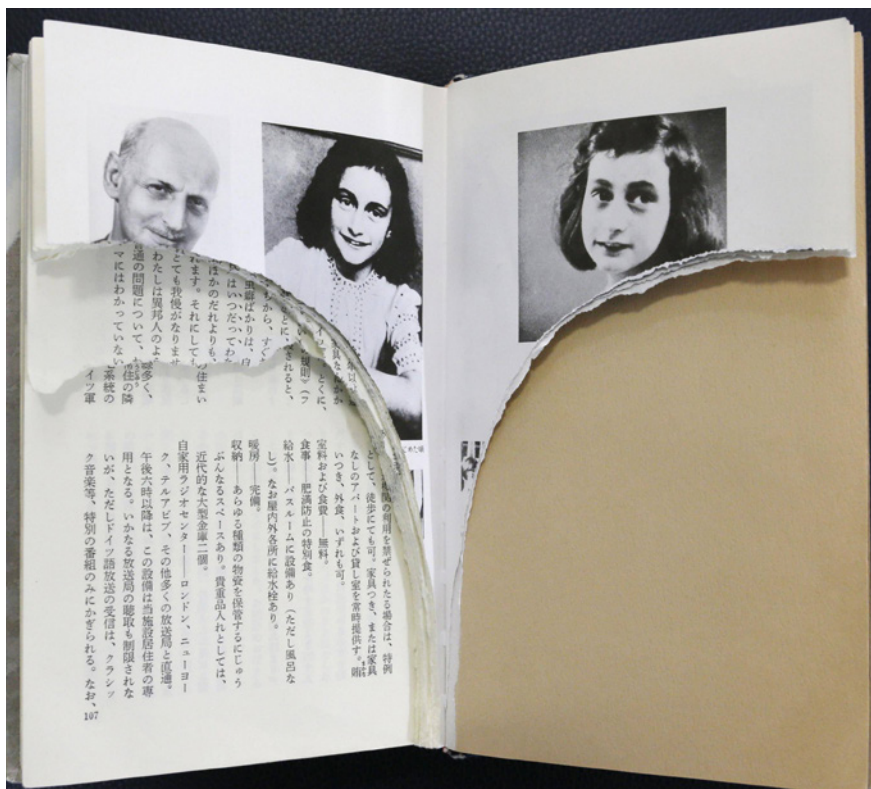


## FINDING ITS NICHE

Unique users, rather than hits, are how the site measures its worth. It has 15 million unique users today, growing at a pace of about three million a quarter. Only the United States and UK *HuffPost* sites perform better. “We still have a long way to go, and can get a lot of new users,” Takahashi says. “Many Japanese do not know *The Huffington Post*. My staff will call local governments and say who they are. The people at the other end will say ‘Huh?! *Washington Post*?’ Only people active on the Net know our name.”

Scoops remain a problem. With a staff of 15 and a responsibility to get around 50 stories online a day, including wire reports, in-house writing, and blogs from celebrities, there is little time for the heavy lifting traditional journalism requires. So far, *HuffPost Japan* has one scoop to its name: the vandalizing of 300 Anne Frank diaries. “One of our reporters, Chika Igaya, had been covering Japanese libraries, and she heard about the damage to the diaries, so she investigated,” Takahashi said. “The report became international news, it was a big scoop.”

All the website can do is continue to expand its user base and wait for budgets that can fund the sort of “high-brow” civic journalism to which Takahashi aspires. In the coming months, the site will launch a video



*HuffPost Japan* has one scoop to its name: the vandalizing of 300 Anne Frank diaries earlier this year.

*HuffPost's role . . . is to . . .*  
 create an online infrastructure  
 that enables people to respond  
 to those in power.

service. Collaborations are also planned between the various *HuffPost* offices around the world.

“We are looking at doing global stories. For example, on environmental issues, we can make a world map, an infographic, and if you click, say, Brazil, you can get

information from that country. We also decided to do a global story on the rise of the right wing. In developed countries, there are fewer children and more immigrants. And the right wing doesn't like it. So we will cover this story in each country. At the same time, we will look at good examples of positive immigrant integration.”

The *HuffPost* outlet here has rivals, including *SmartNews*, an app that compiles popular stories from social media, and *Toyo Keizai Online Journal*, a website covering similar issues and targeting the same demographic—readers in their thirties. Their collective success or failure will impact the direction Japanese media take online. Many consumers today worry mainstream media are in deep crisis, attacked by the government and seemingly possessing little will to fight back. “Why should the government need to cultivate ‘ignorant masses’ when the media is incapable of making the news relevant anyway?” columnist Philip Brasor recently asked in *The Japan Times*.

Takahashi recognizes the issue, and is attempting to address it. “[We are] trying to follow [the stories of] ordinary people to foster democracy.” He just needs the money to do so. ■

“The Dress” went viral in early 2015, with pictures and a story about how this garment appeared as different colors to different people.





# THE BIGGEST COMEBACKS OF THE PAST 20 YEARS

From *Fast Company*, April 2015

In our fast-changing, startup-crazed economy, it can seem like only the newest companies have the agility to thrive. But entrepreneurship can propel businesses of all sizes and ages—look no further than Apple, which almost foundered in the late 1990s before Steve Jobs resurrected it to be the most valuable company in the world. So what are the other biggest turnarounds, and what can we learn from them?

As part of our 20th anniversary, we've selected the top comebacks of the past two decades. You already know that Apple's on top. Keep reading for the rest of the list, including some surprises.

## GENERAL MOTORS

Once the world's most revered automaker, GM faced disaster in the late 2000s, when it filed for bankruptcy and laid off tens of thousands of workers. Which makes it all the more extraordinary that just a year after the federal government's bailout plan earned it the sarcastic nickname "Government Motors," the company roared back to profitability.

After trimming costs and killing its struggling Pontiac, Saturn, and Hummer divisions, GM went public again, raising roughly \$20 billion. By the end of 2013, the government had sold off the last of its GM shares, capping a remarkable turnaround that saved about 1.2 million jobs.

## MARVEL

As the home of Spider-Man, Captain America, and other iconic characters, Marvel has long been the comic-book world's biggest player. But in the mid-1990s the comics market crashed, Marvel went broke, and there was no superpower strong enough to stave off bankruptcy. But fear not!

After restructuring, our hero changed its approach, focusing on movies rather than paper and ink. Today, Iron Man, the Avengers, Spider-Man, and X-Men are all billion-dollar franchises, and the company's master plan—to connect many of its characters in a single cinematic universe—has turned it into one of pop culture's most powerful brands.

## DELTA

After evolving from a fleet of crop-dusting biplanes into one of the nation's biggest airlines, Delta was in trouble by the mid-2000s. Squeezed by higher fuel prices

and disrupters such as JetBlue and Southwest, it was forced to file for bankruptcy. But after renegotiating union contracts and expanding its fleet with used planes instead of costly new ones, among other things, Delta once again took flight. In 2013, some 120.4 million passengers boarded Delta planes—more than any other airline.

## STARBUCKS

Sometimes too much success can mean trouble. In the 2000s Starbucks overexpanded, diluting profits and damaging the brand. By late 2008, net income had fallen dramatically, cutting the stock price in half. A look at how Starbucks CEO Howard Schultz turned things around:

### 1. Cut the losses

Schultz decided to shut down 900 underperforming stores, which reduced staffing and leasing costs. That also allowed him to invest more in the Starbucks outlets that had been working the best.



### 2. Fix the experience

In 2008, Schultz closed all 7,100 US Starbucks stores for three hours to retrain baristas in the art of pulling espresso. He did away with automatic machines and introduced a retooled house coffee, Pike Place.



### 3. Be more welcoming

Encouraging customers to take a seat, Schultz introduced free Wi-Fi at all Starbucks locations in 2010. In 2014, stores began upgrades to wireless Powermat charging stations for mobile devices. No more plug hunting!



## OLD SPICE

Once just a crusty old bottle in your dad's bathroom, Old Spice—with Wieden+Kennedy—created a marketing juggernaut that propelled it to the top of its category with powerful ads in 2007–10.

## J.CREW

The preppy retailer lost its pep in the late 1990s, and from 1998 until 2003, three CEOs cycled through the fading brand. Then Mickey Drexler and Jenna Lyons came along. In 2003, Drexler—recently fired as CEO of Gap Inc.—invested \$10 million of his personal cash into J.Crew in return for a 22 percent stake and the title of CEO.

Soon after he arrived he discovered Lyons, who had quietly been working in the design department for 13 years. She soon became the company's driving creative force, crafting a more upscale product that was equal parts catwalk and Nantucket. It was a hit: During Drexler's first five years at J.Crew, revenues leaped 107 percent.

## CBS

With a prime-time lineup full of snoozy grandparent bait like *Murder, She Wrote* and *Dr. Quinn, Medicine Woman*, CBS sank to last place in the mid-1990s. That changed after Leslie Moonves was hired away from Warner Bros. TV, where he'd green-lighted such shows as the zeitgeist-defining *Friends*. The Moonves era has produced a slew of huge hits—*CSI*, *Survivor*, *Two and a Half Men*, *The Big Bang Theory*—and CBS is now the nation's most-watched network.

## PABST BLUE RIBBON

Launched in the 19th century, iconic Milwaukee beer PBR reached peak popularity in the 8-track era. But by the late 1990s, the brew had gone flat. Here's how it came back:

### 1. Think younger

In 2001, with sales hitting an all-time low, the company brought in Benetton executive Brian Kovalchuk as CEO and Neal Stewart as brand manager. Stewart was just 27 at the time.

### 2. Do your research

One of the few places where sales were up was the hipster hub of Portland, Oregon. Young people embraced the brand due to its no-frills image, lack of cheesy advertising, and affordability.

### 3. Market it smartly

PBR sponsored cool events such as gallery openings rather than buying traditional ads. Since 2001, national sales have increased by 165 percent.



## NINTENDO

Remember the GameCube? Nintendo dominated the video-game world in the '80s and '90s with products such as the Game Boy, but in the early 2000s Sony and Microsoft launched the PS2 and Xbox, and Nintendo's response—an underpowered purple box that screamed “me-too product”—was a flop. Then Nintendo embraced its individuality with the DS, DS Lite, and Wii, each of which would go on to sell around 100 million units worldwide.

## CONVERSE

It ruled the athletic market from its founding at the beginning of the 20th century until the 1970s, but then Nike and Adidas muscled their way in and Converse faded, filing for bankruptcy in 2001. How it rebounded:

**2003:** Nike buys Converse and implements a counterintuitive plan making the brand less about sports and more about style.

**2005:** The shoe company expands a previous partnership with John Varvatos to create a clothing line, capitalizing on Converse's association with cool musicians.

**2011:** Converse builds on its new reputation as a fashion and lifestyle brand with hip initiatives such as Rubber Tracks, a recording studio for emerging artists in Brooklyn.

**2014:** The company sues 32 competitors, including Ralph Lauren, for allegedly producing knockoffs. Annual revenues hit \$1.7 billion, up from \$205 million in 2003.





# GRAVITAS AKASAKA

Two stunning freehold residences for sale, each over 380m<sup>2</sup> in size and boasting incredible luxury design throughout. Located in the heart of Akasaka, Tokyo's most cultured and elegant of districts.

Inquire for details.



HOUSING JAPAN

Services for **buying, renting** and **property management** in Tokyo.  
[www.housingjapan.com](http://www.housingjapan.com) | [sales@housingjapan.com](mailto:sales@housingjapan.com) | 03-3588-8861

## NETFLIX

The announcement went out in the summer of 2011: “We will no longer offer a plan that includes both unlimited streaming and DVDs by mail.” Subscribers would have to join two separate services—one of them ludicrously dubbed Qwikster—and pay \$16 a month instead of \$10. The ensuing backlash and exodus stunned investors; more than 800,000 customers fled Netflix in a single quarter, sending its stock plunging from \$300 a share to around \$65 by year’s end.

Netflix quickly scrapped Qwikster and apologized, but the company only truly recovered from the gaffe with original series such as *House of Cards*, which launched in 2013. Soon profit was skyrocketing, stock hit \$400 per share, and Amazon and Hulu were working furiously to catch up.

## DISNEY ANIMATION

Disney may be the best-known name in children’s entertainment, but its once-revered animation division began the 21st century in a major slump. After ’90s successes such as *The Lion King*, the studio started churning out duds including *Hercules* and *Fantasia 2000*. The result was a major downsizing in the early 2000s. But after Disney acquired Pixar in 2006 and Ed Catmull and John Lasseter took charge, the studio roared back with hits such as *Tangled* and last year’s world-dominating *Frozen*.

## BURBERRY

Nobody expected the fusty Burberry to survive the storms of the modern fashion marketplace. Credit two American executives with reviving the British brand: Rose Marie Bravo and Angela Ahrendts (who now runs Apple’s retail division).

As CEO from 1997 to 2005, Bravo brought in designer Christopher Bailey. He and Bravo’s successor, Ahrendts, took the turnaround from there, deftly blending updates of the old (that traditional trench coat, that familiar check) with an embrace of the new (social media, aggressive China strategy). That led to an unprecedented resurrection, record financial results, and acclaim for a fashion house that’s once again a luxury trendsetter.



## LEGO

“Everything is awesome?” Not for the toymaker in the 1990s, when Lego was suffering due to the rise of video games and other competition. In 1998, the company lost money for the first time. Then Jørgen Vig Knudstorp stepped in as CEO in 2004, and things started to snap into place. Knudstorp cut costs and introduced soon-to-be-popular Lego lines such as Ninjago. It worked: by 2013 Lego was the world’s most profitable toymaker.

## TARGET

It used to be just another big-box value store, but in the 2000s Target rethought its image, luring higher-end customers with surprising partnerships (Isaac Mizrahi,

Missoni, Lilly Pulitzer) and slick marketing. That new strategy—matched with a rapid expansion—transformed Target into Tar-zhay: a mass-appeal retailer that could deliver everyday needs in style. By 2005, Target had reached \$50 billion in annual sales.



## LACOSTE

Born on French tennis courts in the 1930s, this powerhouse of popped-collar polo shirts had faded by the early 1990s due to general alligator-logo fatigue. To get young people excited about the label, Lacoste stopped licensing its name, no longer sold clothes in outlets such as Walmart, and hired a high-fashion creative director to reboot the brand. It also opened well-designed boutiques and targeted women with accessories such as handbags. That effort led to newfound fashion-world cred and a massive sales boost.

## LOWER MANHATTAN

The 9/11 attacks had a profound economic impact on New York, but by the time One World Trade Center opened in late 2014, the area was once again bustling. More than 400 companies big and small have relocated to lower Manhattan since 2004. Combine that with a boom in tourism and it’s no wonder luxury brands are flocking to the area.

## BACON

With foodies now drooling over all manner of cured-pork products, it’s easy to forget that those greasy strips used to just be something you ate with your eggs. Or maybe not even that: In the ’80s, animal-fat phobia ate into sales by as much as 40 percent. But by the early 2000s, bacon had its sizzle back. Celebrity chefs championed it as the ultimate flavor booster, and the low-carb-diet fad suddenly made bacon somehow seem healthy.

Bacon mania ensued, showing up everywhere from burger spots (Wendy’s Baconator) to bars (bacon vodka, anyone?). That’s part of the reason pork sales in the food-service industry outpaced all other meats between 2001 and 2013, and sales were up another 11 percent in 2014, making bacon a \$6 billion business. ■

Copyright 2015 Mansueto Ventures LLC, as first published in *Fast Company* magazine. Distributed by Tribune Content Agency, LLC

# Foreign Investors Snap up Property on Weak Yen

**NIKKEI**  
**ASIAN REVIEW**  
asia.nikkei.com

Tokyo Star Bank, acquired in 2014 by CTBC Bank—one of Taiwan's largest financial institutions—frequently receives inquiries from individual Taiwanese investors wishing to invest in Japanese real estate.

In fact, the Tokyo bank, which was bought for ¥53 billion in June last year, has become a gateway to Japan for Asian investors.

Tokyo Star Bank last December began offering loans to Taiwanese clients to purchase real estate in Japan. Under the new program, borrowers living in Taiwan are able to receive up to ¥500 million from the bank at low interest rates of around 2 percent, thanks to the Bank of Japan's bold credit easing.

A government survey found that commercial land prices in Japan stopped falling year-on-year for the first time in seven years in the 12 months to January 1. Recovering land prices are partially attributable to an inflow of funds from overseas investors, as the cost of Japanese real estate falls on a weaker yen.

## OVERSEAS INTEREST

Real estate deals in Japan totaled ¥5.06 trillion in 2014, up 16 percent from the previous year, according to the Urban Research Institute. In particular, transactions involving foreign companies, such as investment funds, soared 2.7 times to almost ¥1 trillion.

With the yen's value against the dollar plunging 14 percent last year, Japanese real estate is attracting more investors from overseas.

Property purchases by international investors are growing in scale as well. In October last year, Singaporean

sovereign wealth fund GIC acquired the office component of the Pacific Century Place Marunouchi building in Tokyo's central business district for ¥170 billion. French insurer Axa Group purchased Nakano Central Park East, a large office building in the capital's Nakano Ward, for ¥37 billion.

The Bank of Japan's extensive easing of credit has made domestic funds available for real estate investment, too. Unlisted private real estate investment trusts (REITs) are rising rapidly among the REITs purchasing properties with investor capital, to earn profits from rental fees and other revenue.

The value of assets held by private REITs, which pay relatively high yields averaging around 4 percent, topped ¥1 trillion in February, according to Sumitomo Mitsui Trust Research Institute.

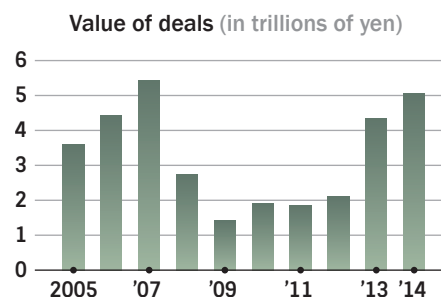
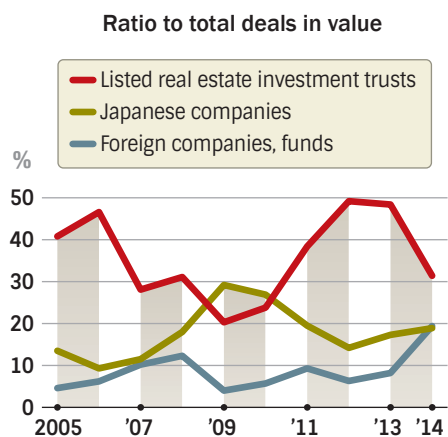
Unlike listed REITs, private REITs solicit capital from financial institutions and other professional investors. In particular, they collect large funds from regional banks struggling to use their capital more efficiently due to a shortage of borrowers.

Of the ¥1 trillion in assets held by private REITs, regional financial institutions accounted for nearly 20 percent, or ¥180 billion, up ¥70 billion from April last year.

Private REITs provide "one of the few ways for banks to earn returns in the scarcity of viable investment options," says Daiwa Securities analyst Maoki Matsuno.



## FOREIGN INVESTMENT IN JAPANESE REAL ESTATE



Source: Urban Research Institute

## TOKYO ON THE RISE

But real estate investments also have risks.

Nippon Building Fund, Japan's largest REIT, purchased no real estate in the year ended in December because "analysis of a significant number of properties showed that prices in Tokyo were rising considerably," said Kenichi Tanaka, president of Nippon Building Fund Management.

Singapore's GIC wealth fund purchased sought-after property in front of Tokyo Station, but an executive at a major Japanese real estate company said the deal "presupposes considerable rises in rents."

Another risk is that speculators may withdraw their funds from Japan if the depreciation of the yen comes to a halt. Japan was said to be in a "minibubble" in 2007 when the value of real estate deals topped ¥5 trillion. The property

market then took a bad turn because of the global economic downturn the following year.

If recent real estate investments are speculative, they will not lead to a stable recovery in land prices. ■

©2015 Nikkei Inc. *Nikkei Asian Review* is published by Nikkei Inc. All rights reserved.



## YOYOGI INTERNATIONAL SCHOOL

Preschool Age 1½ to Primary Grade 6

*Nurture confidence and international mindedness in all children.*

*Help each child to reach their highest potential.*

*Create a positive, stimulating,  
caring and secure learning environment.*



1-15-12 Tomigaya, Shibuya-ku, Tokyo 151-0063  
Tel: 03-5478-6714, Fax: 03-5478-6713  
Email: [info@yoyogiinternationalschool.com](mailto:info@yoyogiinternationalschool.com)  
[www.yoyogiinternationalschool.com](http://www.yoyogiinternationalschool.com)

the first and only bilingual video channel on **Business in Japan**

## OPPORTUNITY

For a unique, effective and creative way to raise your company's profile, be featured in a video report of the most important global property / real estate industry event of the year: MIPIM Japan.

- **SPONSOR**  
various levels, prices, packages
- **ADVERTISE**  
we can make a commercial or use your existing one
- **INTERVIEW**  
your leader speaks on products, services, solutions, etc

To be featured in this series, please contact Joy Fajardo:  
[joy@custom-media.com](mailto:joy@custom-media.com) • 03-4540-7730

# Shaking Hands with the World

Interview with Noriyuki Shikata and Mitsu Kimata

By Dr. Nancy Snow

Every country has its champion promoters, the people who see beyond national boundaries and whose vocation is to build bridges between their country of origin and the world. The two individuals introduced here are no exception.

Both have impressive resumes, but what makes them stand out is a passion for positive change. Their energy and intellectual curiosity are infectious, and they neither believe in nor accept bureaucratic inertia. They acknowledge that Japan cannot go it alone in global persuasion, and offer specific remedies to help this country overcome a perception of insularity.

## OVERNIGHT TWITTER ICON

Noriyuki Shikata made a name for himself when he became the “face of Japan” handling over 50 top-level foreign media requests in the first few weeks after the Great East Japan Earthquake. He was then deputy cabinet secretary for public affairs and director of global communications at the Prime Minister’s Office. On March 11, 2011, he had about 100 Twitter followers; today he has nearly 18,000.

Shikata’s journey to becoming a policy expert began in his childhood home of Kyoto. The dramatic turn for him came in his senior year of high school, when he lived in the United States as part of the American Field Service (AFS) youth exchange program. In his AFS application, he said he loved nature and playing basketball, which led to placement in the Ozarks region of Missouri. He attended high school in the town of Diamond, which, with a population of under 800, is also the birthplace of inventor George Washington Carver.

When Shikata arrived in Diamond, he was not particularly good at speaking English. He enrolled in Modern Communications, a course

that coincided with the 1980 presidential election, a contest between incumbent Jimmy Carter and his opponent Ronald Reagan. The school held a mock presidential debate, which fascinated him. “That was my introduction to communication issues,” he says.

It wasn’t just communication that he came to value, however. Recognizing and adapting to different cultural dimensions became important to him as well. The popular Japanese TV drama *Shogun* aired during his year abroad. Shikata’s classmates, heavily influenced by the national stereotypes present in the series, asked him if there were cars in Japan and if samurai still existed.

“At the same time, there was a stereotype on my side about American society,” he says, heavily influenced by Hollywood movies. “American life was reflected in Manhattan, New York, and Hollywood, California. But in the Midwest, many of those classic traits weren’t as prevalent.” He fondly recalls the favorite pastime of his host family—attending the county fair.

Noriyuki Shikata speaks at a class on US foreign policy at Sophia University in 2012.



Shikata's experience of rural American life was quite a contrast to Kyoto, but there were also similarities. He saw the famous Japanese work ethic reflected in his host father, who worked in a factory during the week and on his farm, alongside his children, every day. In the Midwest, people had great pride in driving a Ford or General Motors automobile, just when Japanese brands such as Toyota and Honda were entering the US market.

Shikata would later attend Kyoto University and return to the United States to earn a master's degree in public policy from Harvard University's Kennedy School of Government. His remedy for Japan's global communication woes is straightforward: Tokyo needs to communicate more with foreign residents living in Japan. "[Sending more Japanese students overseas] is so important for national interests. Our diplomacy cannot be effectively conducted if we don't have enough [bilingual] people who can communicate in English, or even better, people who are trilingual in Japanese, English, and Chinese," he says.

Japan won all 11 of its [UN] committee seats during [Kimata's] three-year stint, triple the usual number for any country.



Mitsu Kimata (left) with author Nancy Snow

## LESS TALK, MORE ACTION

Mitsu Kimata embodied the concept of Womenomics before it had a name. A graduate of the University of Tokyo, she has also served as a high-ranking bureaucrat and foreign diplomat, but at a time (1960s-'80s) when it was almost unheard of for a Japanese woman to be seen, much less to shine, in government.

Married to a physician, the mother of a physician, and the daughter of a physician, her drive is to resolve what ails society through people-to-people connections. Kimata has no patience with excess talk and lack of action. After a successful 15-year career in charge of international technical cooperation at the Ministry of Health, Labour and Welfare, she went on to represent the Japanese Mission to the United Nations in the mid-'80s, a position she was granted because there were simply no other qualified female candidates available in Japan's Foreign Service at the time.

Her philosophy on international relations has been nurtured over time and with great care, like the finest *washoku* (Japanese traditional cuisine). During her stint at the UN, she vowed to make herself indispensable to at least one or two people from the 150 nations represented. She did this with her famous international dinners hosted in her home. Japan won all 11 of its committee seats during her three-year stint, triple the usual number for any country.

Today she says this same personal touch must extend to the Japanese people. Japan cannot improve its global communications on its own, whether at the corporate or

the government level. She believes that, if every Japanese had just one online friend from another country, it would be harder for people to assume, "the Japanese are this way or that."

After her time in public service, she spent a decade as the founding president of The Body Shop Japan, after receiving the endorsement of Dame Anita Roddick, the UK company's founder. Later, Kimata established the nonprofit JKSK, which aspires to empower women and leads volunteer tours to the Tohoku region.

Her life's motto, based on advice her father instilled early on, is, "Be positive. Don't rely on other people. Become a person other people can rely on."

Kimata says that despite Japan's stated need to boost global ties, not enough Japanese have visited other countries or shaken the hand of a foreign person. There is a weak international connection at the most interpersonal level.

"Japan shows a high degree of exclusivity, and does not include a widely supportable religion or ideology, and therefore it is difficult to communicate the culture to people of other societies and to build cultural connections," she said.

Her greatest hope is for educated women to take the lead. "We have a past of leaving things up to men, but we must put a period at the end of this history of underutilizing women's talents, power, energy, and sensitivity, and work vigorously toward realizing a 50-50 society." ■

# A “Moving” Story in the Hotel Industry



the **b**est

Enhancing the value proposition for third-party investor–owners

■ [www.ishinhotels.com/en/](http://www.ishinhotels.com/en/)

By Michael Nigitsch, CEO, Ishin Hotels Group

**A**t Ishin Hotels Group, our past is the foundation of our future success story.

Our company entered Japan’s hotel real estate investment/ownership market in 2001, with the acquisition of the Hilton Narita under a franchise agreement with Hilton Worldwide. Over the years we have gained in-depth understanding and expertise in the fields of investment, asset management, hotel operations, market intelligence, and hotel performance parameters, with the company growing to about 25 hotels.

Following some recent sell-offs to create value, we are now managing 14 hotel assets in Japan for a variety of owners and investors. Today we are recognized as a leading, “all-in” hotel management company that clearly understands the value of aligning performance parameters with owner and investor interests.

## Industry Evolution

When viewed from a hardware-based, macro perspective, the hotel industry has hardly changed over the centuries; one still finds a bed, shower, and restaurant in a typical property. Admittedly, some hotels have integrated elaborate design elements such as rain showers and flat-screen TVs, or on-site amenities such as spas and gyms.

Perhaps the most dramatic change is the way in which guestrooms and hotel real estate have become commercialized and distributed in the digital sphere. Online marketing, social media, and meta-search engines are drastically changing the landscape of hotel bookings. Ishin Hotels Group has acquired in-depth expertise to understand the complexity of the dynamic and transparent digital marketplace.

Our market-leading key performance indicators, combined with efficient productivity enhancement measures, are essential value drivers for our business partners.

## The Brand

Plenty of books, some more complex than others, have been written about brand management. My view is rather simple:

- A hotel brand has to perform well from the perspectives of both the owner/investor as well as guests.
- The vast majority of hotel brands are a commodity.



- Ultimately, the attractiveness of a hotel brand is reflected in the booking choice of hotel guests, in online community opinions, and through social media comments, which can strengthen public perception of the brand.

Members of Ishin Hotels Group have kept these ingredients close to their hearts. Our own brand, “the b hotels,” has a powerful brand image that continues to draw guests and investor/owner interest. We understand how to establish relationships built on trust, provide professional and efficient hotel management services, and respect our corporate social responsibilities.

Our management expertise spans a wide spectrum of hotel categories, from resorts, full-service, and key city/airport/secondary locations, to domestic and international brands, as franchise partners or as proprietary owners, for example of “the b hotels.”

This brand is a powerful, high-performing, and attractive hotel/real-estate proposition for our guests and investors/owners today, and will continue to be so in the future. Our vision is to build on our successful foundation as we transition to become a powerful, third-party service provider.

We will continue to study hotel real estate investment opportunities. However, our primary focus over both the short and long term will be providing expertise and market-leading performance parameters to a wider group of hotel investors and owners, whether they be individuals or groups.

Our business models range from classic management contracts (interest alignment), to lease arrangements and our own franchisor “in the box” concept of the b hotel brand.

We truly understand the importance of flexible and attractive contract terms, as well as creative discussions on reasonable and affordable property improvement plans. Finally, we are driven by passion and knowledge to outperform the market for the benefit of our guests and business partners. ■



“The b hotels” brand is a powerful hotel/real estate proposition.

# LIVING IN COMFORT AND LUXURY

Exclusive homes in the heart of Tokyo



AZABU GARDENS  
PEMBROKE

With an extension of the premier Azabu Gardens property launching this month (May 2015), new luxury residences will be available for lease in the family-friendly area of Moto-Azabu.

Nestled on a quiet tree-lined street, Azabu Gardens is located within walking distance of numerous international schools, supermarkets and neighborhood parks, as well as retail and entertainment destinations such as Roppongi Hills and Tokyo Midtown.

Thanks to the building's design, residents can enjoy extensive privacy in the heart of the capital. Many units have their own individual design, offering layouts tailored to accommodate private family time as well as entertaining. While residences on the upper floors have views of the cityscape, those on the middle floors look onto the expansive greenery around the building's periphery. Residents at ground level can access private and intricately designed Japanese gardens.

This pleasant natural environment is complemented by premium design details focused on the Japanese aesthetic. Bamboo flooring, soft lighting, sliding Japanese screen doors and unique gallery-quality artwork are present throughout the common areas.



High-end Western appliances, generously appointed bathrooms and closets, as well as private balconies ensure the comforts of home, while aspects such as built-in breakfast bars, heated floors, and plentiful utility and storage space provide for all your family's needs.

In addition to a comfortable living space, Azabu Gardens offers top-quality service, focusing on amenities for both new and existing residents. These include a versatile club lounge, two 24-hour gyms, a large, landscaped roof terrace with sweeping views of the city, and a guest suite to host overnight visitors.

Families in particular will appreciate the open gourmet kitchen, where

residents can cook together or host parties, in addition to the playground and multi-functional entertainment space to watch films or listen to music. Secure underground parking, structural designs that exceed earthquake resistance regulations, and a bilingual concierge service provide peace of mind.

Not content with creating merely the ideal homes on the inside, developer Pembroke Real Estate has also carried out extensive work in the neighborhood for the benefit of the whole community. Improvements include the removal of electric posts, development of pavements, and refurbishment of a rough, narrow path into a safe and pleasant walkway. ■



## ■ LEASING CONTACT:

Pacific Development & Management Co., Ltd.  
03-3437-2753

## ■ GENERAL CONTACT:

Azabu Gardens  
3-7-5 Moto-Azabu  
Minato-ku, Tokyo  
azabugardens@pedcoltd.com

■ [www.azabugardens.com](http://www.azabugardens.com)

## Outsourcing & Business Support

Business Index—a monthly printed and digital industry company listing—can help with back office solutions, human resource management, financial functions, and much more!

[journal.accj.or.jp/businessindex](http://journal.accj.or.jp/businessindex)

Whether you are seeking support as an individual or a firm of any size, and are based in Japan or abroad, trust Chiyoda Partners Tax Corporation to help you achieve your business goals.

—Shigetsugu Kawasaki,  
partner, certified public tax accountant



### Chiyoda Partners Tax Corporation

Our network of lawyers and accountants offer services including bilingual accounting and bookkeeping, tax audits, tax return preparation, tax advice, legal procedures advice and IPO assistance.

03-3233-2911  
[contact@cpaa.co.jp](mailto:contact@cpaa.co.jp)  
[www.cpaa.co.jp/eng](http://www.cpaa.co.jp/eng)

IKEA BUSINESS is here to bring IKEA renowned style, design, function and quality, at a great price, for businesses too.

—Alan Mackenzie,  
IKEA BUSINESS country manager



法人・自営業のお客さまにおすすめ

### IKEA BUSINESS

is your business contact at the IKEA store. We provide a variety of services, including interior planning service, assembly service and email order service, to help make your shopping experience as smooth and efficient as possible.

047-436-1009  
[alan.mackenzie@IKEA.com](mailto:alan.mackenzie@IKEA.com)  
[www.IKEA.jp/business](http://www.IKEA.jp/business)

By building effective back-office functions, companies can achieve a variety of positive outcomes, such as better information and improved focus on core competencies. We can assist with all your needs.

—Ichiro Waki, managing director



### JBA Group

We offer an extensive range of the following professional services based on our expertise: accounting (Japanese/US/IFRS), tax (corporate/individual), human resources (recruitment of permanent/temporary staff), IT (implementation of accounting software), and outsourcing (bookkeeping/payroll/bank operation).

03-3512-7707  
[info@jbacc.com](mailto:info@jbacc.com)  
[www.jbacc.com/english](http://www.jbacc.com/english)

# Mad Terrorists and Middle Managers

By Dr. Greg Story

President, Dale Carnegie Training Japan



**T**hey are looking for a place where they are highly valued, feel they are needed, and are praised for being useful to others."

When I heard this comment by Kimiaki Nishida, professor of social psychology at Tokyo's Rissho University, I was struck by the similarities to the problems confronting middle managers in Japan who are dealing with Millennials. Nishida's remarks concerned the reasons young people join terrorist groups like Aum Shinrikyo or the Islamic State.

Japan is facing a succession-planning crisis. This is being driven by a demographic pivot, where the number of young people entering the workforce will decline faster than demand for their services. Considering social and political debates about opening immigration to curb this downward spiral haven't even begun, this is not (yet) a viable option. The Japanese birthrate shows no signs of improving either, as family sizes stay small and couples become parents much later than a generation ago. Does McKinsey & Co.'s late 1990s reference to a "war for talent" ring a bell with anyone?

Middle managers are often the direct reporting line for these Millennials, yet the generation gap is vast. This is the fax and PC generation sitting across grey metal desks from their app and iPhone successors. One generation remembers basking in the warm embrace of the bubble hedonistic extravaganza. The other has only known shivering in the cold turmoil of the bubble burst, the Lehman shock, and the triple whammy of earthquake, massive tsunami, and nuclear reactor core meltdowns.

The Millennial's emotional mix is about to become even more complex. One of the greatest wealth transfers in history will slowly begin to take place, as the older generation of Japanese, who are massively cashed up compared to previous generations of retirees, pass their wealth on to their kids. The Japanese tax office is salivating, already expanding inheritance tax brackets so they can harvest this wealth migration.

Ironically, the wealth transfer will gradually dial down some of the career progression concerns previous generations confronted. The increasing affordability of housing will be driven by population decline, gradually providing a greater sense of security to this younger generation. So, a bigger cash buffer, a larger sense of security, instant digital access to information, diminished worker supply and, thus, less career urgency, will combine to produce confronting new attitudes.

Paraphrasing Nishida, the young want love—not tough love. The "highly valued" component certainly conforms with our global research validated in Japan, that "feeling valued" is the key emotional trigger to becoming more engaged in your work. Employees that feel more engaged are more motivated, loyal, and likely to be innovative.

Crunch time! Is your middle management tuned in to these critical messages? Are they having boss–subordinate conversations, performance reviews, and coaching interactions that genuinely communicate "we value you here," "we need you," and "we really appreciate you?"

Sound a bit fluffy? Statistics tell us that in 40 percent of workplaces, such interactions are absent or not effective enough to prevent Millennials from walking out the door—to supposed greener pastures—after three or four years at a company. The cost of their departure to the organization is huge. After three or four years of investment, the company should be reaping the productivity dividend from its efforts to educate young workers about the business. There is also the additional sting of opportunity cost to replace departing staff and train their successors.

Ouch! And double ouch, because it is only going to get worse; recruiters take note! Companies are foolish if they don't do something now to better educate their leaders, especially front-line supervisors and middle managers. Though highly inconvenient, Millennials are never on your timetable. ■

**Warning:** Don't talk to anyone about training until you've read this Free Report

## Stop Wasting Money on Training

### How to get the best results from your training budget

To receive your Free Report pick up your phone now and call 0120-948-395 or 03-4520-5469 for a 24 hour Free Recorded Message



## Outsourcing & Business Support

Business Index—a monthly printed and digital industry company listing—can help with back office solutions, human resource management, financial functions, and much more!

[journal.accj.or.jp/businessindex](http://journal.accj.or.jp/businessindex)

We are a professional, transparent, international, stable, reasonable, and tested team at your service in Tokyo and Honolulu.

—Kevin Edwards-Yano,  
partner, Japan



### ProWorks Group

ProWorks provides all you need to start and support your business, including: company formation, visas, licenses, accounting, HR, payroll, labor, tax advisory and compliance, M&A, and IT.

03-4520-5530  
[info@pw-group.co.jp](mailto:info@pw-group.co.jp)  
[www.pw-group.co.jp](http://www.pw-group.co.jp)

With a motto of “Global reach, local knowledge,” we pride ourselves on being international expansion experts allowing our clients to focus on what they do best: selling their products and services.

—Dr. Junichi Kato,  
managing director, TMF Group Japan



Global reach  
Local knowledge

### TMF Group

TMF Group is a leading global provider of high value business services to clients operating internationally. We focus on providing corporate secretarial, accounting, tax, HR and payroll services.

03-3596-0123  
[japan-bd@tmf-group.com](mailto:japan-bd@tmf-group.com)  
[www.tmf-group.com](http://www.tmf-group.com)

We are leaders in business and marketing services, helping organizations transform operations and realize brand potential. We harness the power of three global brands—Williams Lea, Tag and Deutsche Post DHL.

—Etsuro Umemoto,  
managing director, North Asia



### Williams Lea Group/Tag Worldwide

Williams Lea and Tag offer fully integrated marketing supply chain, customer communications and business process outsourcing (BPO) solutions. We have a presence in more than 40 countries globally.

080-8805-0817  
[asiapac.marketing@williamslea.com](mailto:asiapac.marketing@williamslea.com)  
[www.tagworldwide.com](http://www.tagworldwide.com)

# Achieving Efficiency In Your Marketing Supply Chain



■ [www.tagworldwide.com](http://www.tagworldwide.com)

By Hina Kotecha, marketing director, Asia Pacific

Businesses may occasionally distribute inaccurate, out-of-date or culturally insensitive materials. This can result in a waste of marketing spend, reputational damage or transgression of the law and incurring of penalties.

Williams Lea's single source marketing supply chain solutions help all organizations avoid such risks.

Williams Lea Group is part of Deutsche Post DHL group, the world's largest logistics provider. We are a global leader in business and marketing services, helping organizations transform their operations and realize brand potential. The company consists of two primary businesses: Williams Lea and Tag Worldwide.

As a global business process outsourcing player, Williams Lea has expertise in multi-channel document management, business support, customer communications, and publishing.

Tag, meanwhile, is a global brand services company that manages and implements global communications campaigns for clients in over 180 countries.

Combining Williams Lea's understanding of how businesses operate with Tag's knowledge of how brands deliver, we provide truly unique marketing supply chain solutions offering industry-leading connected services.

Our integrated services make us global leaders in supporting organizational transformation. By managing information and streamlining key back-office functions, we help:

**improve efficiency • increase effectiveness • reduce risk**

Empowered by a global workforce of 8,000 Williams Lea employees in more than 650 locations in 195 cities, our strength in numbers is unparalleled across the industry.

## Our Solutions

**Digital and Document Workflow:** We provide support across the entire document life cycle. From static document services to dynamic multi-channel solutions, we efficiently manage your communications.

**Business Support Services:** We take on the management of activities that assist finance, sales, human resources, and marketing functions. We evaluate, understand, and reshape your organization's processes so that you can achieve your goals.

**Customer Communications and Publishing:** We layer data and content management with state-of-the-art production facilities that enable the creation, production, and fulfillment of your customer communications. Utilizing technology and production expertise, we deliver personalized messages at the right time, through any and every channel you wish.

Tag is a brand services company that manages and implements global communications campaigns. Our clients—over 47 of the world's top 500 brands in more than 120 different countries—trust us to bring control and consistency to their campaigns, taking them to market quickly and effectively. Tag offers:

**cost efficiency • brand consistency • speed to market**

Our comprehensive portfolio of integrated services and solutions in the design and production services sector, include print management; artwork origination and adaptation; below-the-line collateral and POS design and production; broadcast and video post-production and origination; and creative development and copywriting.

We also offer CGI and 3D modeling; international campaign implementation and management; online and digital design and production; packaging design and production; photography and art direction; pre-press production and fulfillment; technology brand asset management; and translation and transcreation.

Our proprietary platforms—Immedia and CMD—form a core part of our solution from a procurement and asset management perspective. Tag's technology provides a process that is easy to follow and replicate. It removes costly errors, automates repetitive tasks, enables workflow management, optimizes the delivery process, and utilizes the latest in color management technology.

Our technology automates the end-to-end process by removing time-consuming and costly manual procedures. E-enabling the print sourcing process delivers improved efficiency by automating manual processes; enhanced visibility and control through management information; and, a reduction in both the cost of a transaction and the bought-in product.

## Sourcing and production

Our end-to-end production and fulfillment process for delivery of print includes all stages of production and sourcing—pre-production, sourcing strategy and quotations, production, and post-production.

Our team develops close working relationships with the client's different stakeholder groups, as well as preferred agencies, in order to ensure the best end result for our customers.

We select a small panel of trusted and pre-approved vendors with whom all work will be placed. Importantly, incumbent client vendors can and do form part of the end-state vendor panel and about two-thirds of our vendors have joined us from prior client implementations. ■

# Trained in Europe and the US

Specializing in implants,  
esthetics, laser procedures  
and anti-aging medicine



## RYO DENTAL CLINIC

TOKYO ANTI-AGING  
MEDICINE IMPLANT INSTITUTE

Ryo Kitamura D.D.S.

OPEN Mon-Fri 9:00 - 13:00  
14:00 - 18:00  
Saturday 9:00 - 13:00  
CLOSE Sunday, National holiday

Nagai bldg. 2F  
1-7-7 Hatchobori  
Chuo-ku, Tokyo

info@ryodental.com • tel: +81-03-6280-5460

[www.ryodental.com](http://www.ryodental.com)

*"The finest clothing made is a person's skin, but, of course,  
society demands something more than this". — Mark Twain*

### FREE GIFT

Schedule an appointment before Friday 22 May  
and get a free Egyptian cotton hand-tailored  
shirt (valued at \$125) with any purchase.

**Our Suit Connoisseur Vinod Bahrnani will be visiting Tokyo to offer our  
finest bespoke suits at Hong Kong's bargain prices between 26-29 May.**

Suits from \$395 (¥47,000)

Tuxedos from \$595 (¥71,000)

Overcoats from \$650 (¥77,500)

Shirts from \$69 (¥8,200)

Blazers from \$275 (¥32,500)

Trousers from \$135 (¥16,000)

Ladies' suits from \$395 (¥47,000)

— minimum four shirts

Other superfine quality suits from \$550 (¥65,500) to \$2,600 (¥309,500) All prices in USD (excluding shipping); delivery within two weeks

### SCHEDULE A FITTING NOW WITH VINOD BAHRNANI

- Send an email to [sales@eutailors.com](mailto:sales@eutailors.com)
- Call 080 4130 0091 (on visit dates)

EURO  
AMERICAN  
FASHIONS  
EMF

[www.euromericanfashions.com](http://www.euromericanfashions.com)



**CORRECTION:** in last month's ACCJ article "Collaborating in Healthcare IT," Byron Sigel's surname was spelled incorrectly. Our apologies for this oversight.



## CONTENTS

VOL. 52, ISSUE 5

### 41 **PRESIDENT** Supporting the Greater Community

JAY PONAZECKI

### 42 **PARTNER EVENT** APCAC: the Collective Voice of US Business in Asia

BRUCE J. ELLSWORTH

### 44 **CHUBU** Departing from the Status Quo F-35 fighter jet program and Japan's changing economy

ROB JACOBS

### 47 **FINANCE** Implications of the Exit Tax

PAUL HOUSTON

### 48 **EVENTS** The ACCJ in pictures

### 50 **ACCJ LEADER** 2015 Advocacy Vision

ERIC SEDLAK

**1** Andrew Staples, director, North Asia, of the Economist Corporate Network, speaks at "Megatrends in Asia and Their Impact on Leadership and Talent Strategy," held at the Tokyo American Club on April 8.

**2** Chris McChesney of Franklin Covey Co. presents at "Achieving Breakthrough Results in the Midst of the 'Whirlwind,'" held at the ACCJ Tokyo office boardroom on March 27.

**3** ACCJ Kansai Women in Business Committee members held a farewell party after their committee meeting for co-chair Aki Tanaka (third from left), at Fiamma Rossa restaurant on March 16.

# EXPERIENCE TWO MICHELIN STAR DINING AT PIERRE GAGNAIRE



Experience the unique tastes that reflect this world renowned Chef's philosophy of using food to communicate and incite emotion in the newly refurbished Pierre Gagnaire Tokyo Restaurant.

LUNCH 11:30a.m.-1:30p.m.(L.O.)

DINNER 5:30p.m.-8:30p.m.(L.O.)

Closed on Mondays

\* Please contact reservations for public holiday hours.



Reservation / Inquiry

Restaurant Reservation

**Tel.03-3505-1185** (9:00a.m. - 7:30p.m.)

ANA InterContinental Tokyo

1-12-33 Akasaka Minato-ku Tokyo, 107-0052 Japan

Tel:81-3-3505-1111 [www.anaintercontinental-tokyo.jp](http://www.anaintercontinental-tokyo.jp)

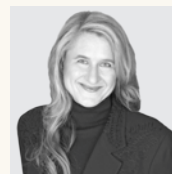
*Do you live an InterContinental life?*



**ANA**  
**INTERCONTINENTAL®**  
**TOKYO**

In over 170 locations across the globe including HONG KONG • LONDON • NEW YORK • PARIS

# Supporting the Greater Community



PRESIDENT

Jay Ponazecki jponazecki@accj.or.jp

I hope to see many of you at the Annual Chubu Walkathon on Sunday, May 17, at the Aichi Expo Memorial (Moricoro) Park. The ACCJ Board of Governors will hold its May meeting in Nagoya on Saturday, May 16, so that many of your elected leaders can participate in this important annual event.

This year the Chubu Walkathon is celebrating 24 years of giving back to the Chubu community. The event is sponsored by the ACCJ Chubu chapter and Nagoya International School, and is far more than just a walkathon. There will also be a stage show with live music and other entertainment, a raffle, fun activities for children and delicious food. This year the organizers hope to raise ¥8 million to help orphans, victims of child abuse, the physically or emotionally challenged and people coping with illnesses such as HIV and cancer.

Last year the Chubu Walkathon raised ¥7 million for 26 local charities, and over the past 23 years the event has raised well over ¥100 million for Chubu charities. Please join me in congratulating the Chubu chapter, Nagoya International School and all the volunteers who make this annual event possible, and who have helped make it an outstanding success over the years. Let's help them make this year's Chubu Walkathon an even greater success. Please visit [www.chubuwalkathon.com](http://www.chubuwalkathon.com) for more information.

## ACCJ COMMUNITY SERVICE FUND

Although the successful 2014 Charity Ball is now behind us and the planning of the 2015 Charity Ball is well underway, the Chamber's Community Service Advisory Council

(CSAC) is continuing its activities in support of local charities active in the Kanto and Tohoku regions. One CSAC function that many ACCJ members are unaware of is to provide emergency funding to NGOs facing sudden budget gaps by using the Chamber's Community Service Fund. The fund balance is currently about ¥5.5 million. Just this past month, Lighthouse Japan, formerly known as Polaris Project Japan, requested and received emergency funding so that they could continue providing life-saving support to women and children who are victims of human trafficking and child pornography. In October 2014, Tokyo Union Church's Mission for Our Homeless Neighbors received emergency funding to buy warm underwear for their supported populations to use during the cold winter months.

If you hear of Kanto or Tohoku charities in need of emergency funding, please consider suggesting that they apply for CSAC assistance. The CSAC Emergency Funding Application is available on the ACCJ Charity Ball website: <http://accjcharityball.org/charities/emergency-funding-application/>.

## ANOTHER WAY TO SUPPORT TOHOKU

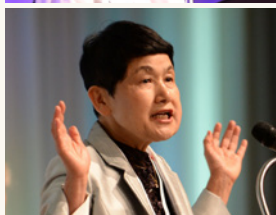
Many local businesses in Tohoku are still recovering economically from the 2011 earthquake and tsunami. One way that you, your families and your friends can support the region is by visiting Tohoku and spending money to support the local economy. The next time you are planning a trip in Japan, please consider visiting Tohoku. Similarly, if your company is planning an offsite event, please consider holding it in the Tohoku region. ■



## STAR-STUDED SPEAKERS

### 2015 ACCJ Women in Business Summit

June 29, ANA InterContinental Tokyo



To get warmed up for this summer's star-studded panels of experts and leaders in government and business, check out the video playlist of all the keynote speeches from the 2014 summit, co-hosted with the U.S.-Japan Council. The playlist includes all remarks made by Prime Minister Shinzo Abe, U.S. Ambassador to Japan Caroline Kennedy, renowned economist Kathy Matsui, and many more.

Please **search for ACCJ in YouTube**, then **click Playlists** when you reach the ACCJ channel to watch the **2014 WIB Summit footage**.



# APCAC: the Collective Voice of US Business in Asia

By Bruce J. Ellsworth

**W**hen US business speaks, governments around the world listen. And the collective voice of US business in this region was loud and clear at the 2015 APCAC Business Summit, hosted by the Asia-Pacific Council of American Chambers of Commerce (APCAC) and the American Chamber of Commerce in Singapore on March 11–13.

With a membership spanning 29 US chambers across 27 countries, APCAC wields increasing clout and credibility in light of the US government's rebalance to Asia and negotiations for the Trans-Pacific Partnership agreement (TPP).

Collectively, APCAC represents the interests of over 15,000 businesses that employ in excess of 10 million people, including more than 50,000 overseas US workers. APCAC members manage annual trade volumes exceeding \$400 billion and direct investments of nearly \$300 billion. More than 480 US business leaders and senior government officials gathered to glean insights into the latest political and economic trends under the summit theme, "The United States and Asia—New Opportunities in the Pacific Century."

"APCAC is about you. It exists because of, and to serve, the interests of you and your companies," said APCAC Chairman George M. Drysdale. He went on to describe the four policy priorities of the organization as the four Ts:

- Trade policy support for the conclusion of TPP negotiations, and granting of Trade Promotion Authority by Congress
- Taxation policy that promotes a level playing field for US companies and businesspeople in Asia
- Travel and tourism promotion through support for the Global Entry program and the APEC Business Travel Card to help people to gain streamlined entry at airports across the region
- Transparency of rules and regulations and shining a light on things such as corruption and non-tariff trade barriers, to ensure a level playing field for all businesses

by a strong delegation from Tokyo, including ACCJ President Jay Ponazecki, Executive Director Laura Younger, Vice Presidents Marie Kissel and Jonathan Kushner, Governor Tom Clark, and Healthcare Committee Vice Chair Bruce Ellsworth.

## TPP AND APEC

U.S. Ambassador to Singapore Kirk Wagar and Singapore Minister for Trade and Industry Lim Hng Kiang opened the summit with keynote addresses focused on US investment in the region. Ambassador Wagar emphasized the importance of the engagement of US government and businesses in Asia through increased economic cooperation, to help the region reach its economic goals, create jobs, improve infrastructure, and enable new domestic enterprises to develop.

The outlook for the conclusion of the TPP was another focus. "We see economic diplomacy as a key part of our foreign policy. I feel optimistic about the prospects for successfully completing the TPP negotiations," Wagar said.

The TPP is likely to have a positive impact on trade and investment, even beyond the 12 member countries. Capital investments will flow to countries where intellectual property

rights are protected, and the agreement will likely encourage non-member countries to up their game, too.

Tami Overby, senior vice president for Asia at the U.S. Chamber of Commerce, said that Japan's joining gave real weight to the TPP, which now represents 40 percent of global GDP. Not only is Japan an attractive export market for many

**APCAC represents the interests of over 15,000 businesses that employ in excess of 10 million people.**

Attendees also had the opportunity to consult with dozens of U.S. Commercial Service officers from around the region on market entry strategies.

The American Chamber of Commerce in Japan (ACCJ) was represented



ACCJ leaders (from left): Bruce J. Ellsworth, Laura Younger, Jay Ponazecki, and Marie G. Kissel

TPP member countries, but Tokyo has become a strategic ally in the negotiations.

“Before Japan joined the TPP negotiations, the United States was the only country asking for high standards on things like intellectual property rights. After Japan joined, it was both the United States and Japan asking,” Overby explained.



Tami Overby is senior vice president for Asia at the U.S. Chamber of Commerce.

A successful TPP agreement will also give shape to the structural reform that the Japanese economy desperately needs and which Prime Minister Shinzo Abe has promised. In addition to reducing agricultural tariffs (see page 14), Japan has committed to resolving non-tariff barriers in 10 sectors, such as autos and insurance.

The Asia-Pacific Economic Cooperation (APEC) forum’s merits were also emphasized during the APCAC summit. Robert Wang, US senior official for APEC, said, “APEC looks beyond

trade liberalization. It looks at ethics, health, leadership by women, the environment, and a variety of other things that are necessary for long-term, sustainable growth. Things like corruption, pollution, and inequality can undermine sustainable economic growth. APEC looks not only at the quantity of economic growth, but also the quality of growth.”

Tom Clark, ACCJ governor and APCAC vice chair, added, “APEC has really been the incubator for many of the good ideas going into TPP” thanks to strong dialogue and partnership with the private sector.

#### POLICY ADVOCACY

APCAC plays the important role of communicating the collective voice of US business in Asia to US government leaders

through its annual policy report and Washington, D.C. Doorknock.

The yearly report covers the four Ts mentioned above and a variety of industry-specific policy proposals, ranging from financial services and healthcare to information technology and energy. Created as a collective effort among APCAC members, the detailed report provides the kind of insight that can only come from business leaders on the ground in countries across Asia.

This year’s APCAC D.C. Doorknock will take place on June 22–25. Participants will hold dozens of meetings with members of Congress and senior US government officials, to share first-hand accounts of how trade and investment policy can boost exports, create jobs, and sustain growth.

“A key message from the 2015 APCAC Business Summit is the importance of companies telling the TPP story in Washington, D.C.,” Clark said.

The APCAC board also hopes to strengthen the role of the organization in helping US chambers more effectively bring policy messages to Asia’s capital cities.

“APCAC is perfectly positioned to work jointly with national AmChams to reinforce key advocacy messages. The APCAC brand as a credible advocacy voice has dramatically strengthened in recent years, and I would encourage more ACCJ members to become involved,” said ACCJ President Jay Ponazrecki.

The APCAC Board elected Jackson Cox, chairman of the American Chamber of Commerce in Mongolia, as its new chairman for 2015–16. ■

<http://apcac.org>

<http://apcac2015.amcham.org.sg>

**Bruce J. Ellsworth** is vice chair of the ACCJ Healthcare Committee.

American Chamber of Commerce Singapore leaders with U.S. Ambassador Kirk Wagar (third from left), Singapore Minister for Trade and Industry Lim Hng Kiang (third from right), and 2014–15 APCAC Chairman George Drysdale (right)



# Departing from the Status Quo

F-35 fighter jet program an example for Japan's changing economy

By Rob Jacobs

**N**ext year, Japan will begin manufacturing the F-35 fighter jet for the controversial Joint Strike Fighter program, led by the United States. The development and acquisition program, which includes participants such as the UK, Australia, and other allies, has been deemed the most expensive military acquisition in world history. As such, a multitude of partner nations are heavily invested in the success of the jet.

In 2011, the Japan Air Self-Defense Force joined the party. To replenish its aging fighter fleet, Japan selected Lockheed Martin's F-35A model, which beat out the Eurofighter Typhoon and an enhanced version of the Boeing F/A-18 Hornet. Tokyo has signed up to procure 42 aircraft, 38 of which will be manufactured at Mitsubishi Heavy Industries' Komaki Minami plant in Aichi Prefecture. The facility is situated just north of Nagoya City, in the heart of Japan's manufacturing mecca—Chubu. The Chubu region will undoubtedly be the principal beneficiary of the Cabinet's decision.

The recently approved 2015 defense budget allocates about ¥103 billion for six F-35 fighter jets, accounting for more than 2 percent of the annual defense bill. The majority of funds will go directly to the Chubu region. The budget specifically includes ¥36 billion for domestic industrial spending and related expenses, primarily intended for establishing an F-35 factory.

The increase in domestic industrial spending will generate an economic ripple effect. Large engineering and construction companies will need to increase output, consequently stimulating their supply base as well. Tool and die companies, sheet metal shops, and even scaffolding suppliers will all reap the benefits of the newly injected cash, if only for a short while.

Today the program's expenditures solely benefit construction companies and associated industry partners. By 2016, however, these exclusively domestic contracts will be scaled down, while production of the aircraft will intensify. Once production commences, a handoff of responsibility

will occur. Because the F-35 program is a US Foreign Military Sales contract—a form of security assistance authorized by the Arms Export Control Act and a fundamental tool of US foreign policy—Washington is the primary decision maker. Technically, the United States is selling the aircraft to Japan, and Lockheed Martin is the F-35's prime contractor. Along with Lockheed Martin, various US defense companies will deploy multitudes of engineering and production personnel to the Nagoya region to direct aircraft production.

Lockheed Martin will deploy 35 expatriates for long-term assignments, while Pratt & Whitney, the US Defense Contract Management Agency, and many other entities will also have a presence. In most cases, the expatriates' families will accompany them, keeping the money earned within Japan's GDP. The influx will stimulate diverse economic sectors such as tourism, mobile communications, automotive leasing, and retail.



LOCKHEED MARTIN

The structure of the F-35 acquisition sets an example for much-needed economic change in Japan.

Thirty-eight of the 42 F-35A fighter jets procured by Japan will be manufactured in Chubu.

## ORGANIC ECONOMIC REFORM

The structure of the F-35 acquisition sets an example for much-needed economic change in Japan, as the program's structure is the antithesis to standard Japanese business practices, with US defense companies holding the decision-making saber. This revised model will create new revenue streams. Ashwin Parameswaran, a noted macroeconomics analyst, explains why: "[A country's] malaise is caused by insufficiently exploratory incumbent firms."

He says that Japan's crony capitalism is characterized by an inefficient and uncompetitive corporate sector. The continuous guarantee of work to incumbent firms reduces competition, consequently increasing costs and stymieing innovation. In the case of the F-35, objective criteria will determine the selection of sub-contractors, providing an even playing field for small business owners that never previously had the chance to do business with the titans of industry.

Departing from the status quo will transform the prospects of domestic and international trade in Japan. If this open-market mindset continues, it will lead to long-term growth for the country. Small businesses in the aerospace industry will become more competitive. Lower costs and improved products will flow back up the chain to the large conglomerates, enabling them to offer improved components at lower prices. This will attract foreign investment and create a virtuous cycle that is organic and self-sustaining.

But the encouragement of industry and government leaders will be necessary, especially in the early stages.

## STRIKE WHILE THE IRON IS HOT

Currently, the magnitude of subsidies injected into the aerospace industry is staggering. Government entities such as the Chubu Bureau of Economy, Trade and Industry (Chubu METI) and non-governmental groups such as the Chubu Aerospace Industry Technology Center (C-ASTEC) and the Greater Nagoya Initiative Center (GNIC) are doing brilliant things for Chubu's aerospace industry. They are breaking decades-old barriers and building bridges in their place.

On March 5, the organizations jointly hosted the "Greater Nagoya-U.S. Aerospace Symposium 2015." Drawing more than 160 aerospace representatives from the region, the event displayed the fervor of the industry. Government efforts to boost awareness of the need for Japanese industry to adapt and globalize have not gone unnoticed, as most businesses are starting to recognize the importance of changing timeworn models. International business requires taking calculated risks, an aspect that must be addressed in a traditionally risk-averse economy.

Eventually, the government's hand-holding will dissipate. Small



companies will need to stand on their own, and the larger ones will have to reevaluate their methods for awarding contracts. Industry chaperones must encourage all participants to accept that risk can and does yield growth.

Dictating tiers of suppliers and a predetermined hierarchy—albeit a common business practice in Japan—is a death sentence for free trade. Rather than promoting a fixed order and structure, the aerospace industry needs to believe that a third-tier supplier can become a titan. The industry must unite to break the chain of crony capitalism which, given the country's social structure, is an order of enormous proportions.

Fortunately, the initial nudge from the F-35 program, paired with the united front presented by Chubu METI, C-ASTEC, and GNIC, make this hurdle surmountable. Current aspirations and passions for new and international business methods are strong. The opportunities are bountiful, but must be tapped. We are currently in the perfect storm. Now is the time to strike. ■

**Rob Jacobs** is vice chair of the ACCJ Chubu Aerospace Industry Subcommittee.

**SAVE THE DATE: JUNE 29, 2015**

ANA InterContinental Tokyo



**WOMEN IN BUSINESS  
SUMMIT**

Registration opens on May 18

[www.accjwibsummit.com](http://www.accjwibsummit.com)



Confirmed sponsors as of April 16: AIG Companies in Japan ■ Bloomberg L.P. ■ Boeing Japan K.K. ■ Coca-Cola (Japan) Co., Ltd. ■ Deloitte Touche Tohmatsu LLC ■ Deutsche Bank Group  
Dow Chemical Japan Ltd. ■ Eli Lilly Japan K.K. ■ EY Japan ■ J.P. Morgan in Japan ■ LIXIL Group Corporation ■ MetLife ■ Mondelez Japan Ltd. ■ Qualcomm Japan Inc. ■ Toys"R"Us, Japan

**Reason says:  
go for  
global reach.**

**Instinct says:  
keep the  
personal touch.**

Global reach counts for nothing if you don't understand the local issues. We understand your industry and can tailor our comprehensive range of services to your specific needs, to help unlock the potential for growth.



**Corporate business tax | Transfer pricing |  
Compensation and benefits | Global mobility**

**[www.grantthornton.jp/en](http://www.grantthornton.jp/en)**

# Implications of the Exit Tax

US taxpayers in Japan could incur substantial costs

By Paul Houston

**A**t long last, the much-discussed Japan exit tax was passed into law on March 31, 2015. Effective on July 1, 2015, it will assess a capital gains tax (15.315 percent) on unrealized gains of certain financial assets (e.g. securities) when an individual permanently leaves Japan. What does this mean for US taxpayers?

## WHOM IT AFFECTS

The following individuals, in addition to Japanese nationals, are subject to the exit tax: non-Japanese (US and other nationals), who are residents holding non-employment visas (such as permanent residents and spouses of Japanese nationals) for five years or longer within the past 10 years, and who have the equivalent of ¥100 million or more in financial assets (excluding cash, insurance, and real estate) when they depart from Japan.

However, the good news contained in the Enforcement Order is that the five-year clock for these individuals will start from July 1, 2015. Therefore, this condition will not apply to foreign nationals with one of the above visas before June 30, 2020. Holders of other visas are exempt from the exit tax altogether.

Note that in the case of Japanese nationals (including those with dual citizenship), the five-year period of residence may be satisfied before July 1, 2015.

## WHY IT MATTERS TO YOU

The Japan exit tax is triggered by an individual's permanent departure from the country, and not by the sale of assets. Thus, there are no exit capital gains to be reported for US taxation. Japan taxes paid can be carried forward for 10 years for US tax credit purposes, and if not used earlier, will be available once the assets are sold and capital gains are reported on a US tax return. So, is this just a timing issue, or are there other inherent problems?

Unfortunately, US taxpayers who had intended to leave these financial assets to their heirs—and who might have qualified for zero US income tax on the assets' appreciation—now face additional costs as a result of Japan's exit tax.

Other issues must also be considered, including exchange rates and the ability to cite a foreign source for the gains in order to claim a foreign tax credit on the US income

tax return. There could also be double taxation if assets are sold more than 10 years after someone's departure from Japan.

If US taxpayers file for an extension to pay the exit tax—which in most cases would be sensible—they need to appoint someone in Japan to be their tax representative, which may incur a fee. Taxpayers must also provide the Japan tax authorities with collateral against the exit tax (involving more costs) and must submit annual reports to those authorities to prove the assets have not been sold.

The end result is that US taxpayers could incur unexpected costs as a result of the exit tax, regardless of whether they are able to fully utilize foreign tax credits against the US income taxes on the eventual sale of the financial assets.

## IN SHORT

While the Japan exit tax is complicated, imperfect, and impossible to fully convey in such a limited space, it is important to know that if you are subject to the exit tax, it could represent a real cost. Take advantage of the five-year window until 2020 to plan ahead and take steps to avoid the tax or reduce its impact, so that when you eventually leave Japan your exit will be a happy one. ■

**Paul Houston** is a director in the International Assignment Services group of PwC Japan Tax.



For more information, watch the video from the March 26 ACCJ event, "U.S. Tax Individual Tax Changes for 2015," with speakers Paul Houston (left) and Clayton Tom (right).

<https://www.youtube.com/watch?v=bwreB6SHA1k>

## EVENTS



1



2



4



3



5



6

- 1 Andrew Liveris, president, CEO and chairman of The Dow Chemical Company, speaks at "Japan's Roadmap to Competitiveness: Economic Strength at the Intersection of Business and Government," held at the Tokyo American Club on March 24.
- 2 Richard Dawson of Parabola Wine Bar serves guests at "The Great International Chambers' Wine-Off 2015," held at Roppongi Hills Club on April 1.
- 3 Tadashi Yanai, founder and CEO of Fast Retailing Co., Ltd., addresses members of the ACCJ and America-Japan Society at his company's Tokyo office on April 2.
- 4 ACCJ Vice President - Kansai Kiran S. Sethi (left) and speaker Jiri Mestecky, ACCJ Kansai Ex-Officio, at "Protecting Company Trade Secrets," held at the Osaka Securities Exchange Bldg. on March 19.
- 5 ACCJ Kansai leaders with Robert Whiting (second from left) and Matt Murton (third from left) at "The Business of Baseball: Featuring the Hanshin Tigers' Matt Murton and Author Robert Whiting," held at the Eli Lilly Japan K.K. office on March 24.
- 6 ACCJ Chubu Membership Relations Committee Chair D. Carter Witt (front left) encourages new members to sign up for committees at a New Member Orientation held at Sienna West Coast Dining on March 13.

## UPCOMING EVENTS

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

### • MAY 12

ACCJ 4th Annual Private Equity and Venture Capital FDI Forum: Divestitures - Strategies and Key Issues for Japanese Corporations

### • MAY 18

The Impact of Prime Minister Abe's Trip to Washington on Defense Procurement (Chubu Event)

[facebook.com/The.ACCJ](https://facebook.com/The.ACCJ)

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

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

[linkedin.com/company/american-chamber-of-commerce-in-japan](https://linkedin.com/company/american-chamber-of-commerce-in-japan)

## The ACCJ thanks its Corporate Sustaining Member companies

Their extensive participation provides a cornerstone in the chamber's efforts to promote a better business climate in Japan.

Aflac	KPMG
AIG Companies in Japan	Kreab
AINEO Networks	Lenovo Japan
Amazon Japan K.K.	McDonald's Company (Japan), Ltd.
Amway Japan G.K.	McKinsey & Company, Inc. Japan
Baxter Limited	Merrill Lynch Japan Securities Co., Ltd.
Bayer Yakuhin, Ltd.	MetLife
Becton Dickinson Japan	Microsoft Japan Co., Ltd.
Bloomberg L.P.	Mondelēz Japan Ltd.
Boeing Japan K.K.	Monex Group, Inc.
Caterpillar	Morgan Lewis
Chevron International Gas Inc. Japan Branch	Morgan Stanley Japan Holdings Co., Ltd.
Citigroup	Morrison & Foerster, Ito & Mitomi
Coca-Cola (Japan) Co., Ltd.	MSD K.K.
Colliers International	Nanzan Gakuen (Nanzan School Corporation)
Deloitte Touche Tohmatsu LLC	Northrop Grumman Aerospace Systems
Delta Air Lines, Inc.	Nu Skin Japan Co., Ltd.
Deutsche Bank Group	Oak Lawn Marketing, Inc.
Dow Chemical Japan Ltd.	Oak Lawn Marketing, Inc.
Eli Lilly Japan K.K.	Procter & Gamble Japan K.K.
en world Japan	Prudential Financial, Inc.
EY Japan	PwC Japan
Federal Express Corporation	Randstad K.K.
Freshfields Bruckhaus Deringer Tokyo	RE/MAX Japan
GE Japan Corporation	Robert Walters Japan K.K.
GILT GROUPE K.K.	Saatchi & Saatchi Fallon Tokyo
Goldman Sachs Japan Co., Ltd.	Squire Patton Boggs
H&R Consultants K.K.	State Street
Heidrick & Struggles Japan Godo Kaisha	Teva Pharmaceutical Industries Ltd.
Hilton Worldwide	Thomson Reuters Markets K.K.
IBM Japan, Ltd.	Toll Express Japan Co., Ltd.
IMS Japan	Toys"R"Us, Japan
Johnson & Johnson Family of Companies	The Walt Disney Company (Japan) Ltd.
	White & Case LLP
	Zimmer K.K.

### PRESIDENT

**Jay Ponazecki**  
Morrison & Foerster, Ito & Mitomi

### CHAIRMAN

**Christopher J. LaFleur**  
McLarty Associates

### TREASURER

**Jack E. Bird**  
Zeirishi-Hojin PricewaterhouseCoopers

### VICE PRESIDENTS

**Jeffrey S. Bernier** Delta Air Lines, Inc.  
**Leanne Cutts** Mondelēz Japan Ltd.  
**Marie G. Kissel** Abbott  
**Jonathan Kushner** Kreab  
**Eric W. Sedlak** Jones Day  
**Kiran S. Sethi** (Kansai) Jupiter International Corporation  
**Christopher Zarodkiewicz** (Chubu) Cezars International K.K.

### ACCJ GOVERNORS

**Tim Brett** Coca-Cola (Japan) Co., Ltd.  
**Thomas M. Clark** GE International Inc.  
**Britt J. Creamer** (Chubu) Lockheed Martin TAS International Corporation  
**James Fink** Colliers International  
**Rebecca K. Green** ERM Japan Ltd.  
**John D. Harris** Nippon Becton Dickinson Company, Ltd.  
**Patrik Jonsson** (Kansai) Eli Lilly Japan K.K.  
**George L. Maffeo** Boeing Japan K.K.  
**Junichi Maruyama** Citigroup Japan Holdings Corp.  
**Arthur M. Mitchell** White & Case LLP  
**Sachin N. Shah** MetLife Insurance K.K.  
**Yoshitaka Sugihara** Google Inc.  
**William J. Swinton** Temple University, Japan Campus  
**Hiroyoshi Watanabe** Amazon Japan K.K.

### PRESIDENTS EMERITI

**Debbie Howard** (2004–2005)  
**Charles D. Lake II** (2006–2007)  
**Allan D. Smith** (2008)  
**Thomas W. Whitson** (2009–2010)  
**Michael J. Alfant** (2011–2012)

### ACCJ EXECUTIVE STAFF

**Laura Younger** Executive Director

Information as of April 10, 2015

The American Chamber of Commerce in Japan  
Masonic 39 MT Bldg. 10F, 2-4-5 Azabudai  
Minato-ku, Tokyo, Japan 106-0041  
Tel: 03-3433-5381 ■ Fax: 03-3433-8454  
www.accj.or.jp ■ <https://japan.careerengine.org/accj/>

The ACCJ is an independent membership organization not affiliated with any government or other chamber of commerce. The ACCJ is a member of the Asia-Pacific Council of American Chambers and values its relationships with Japanese, American and other nations' business organizations.

## 2015 Advocacy Vision

Tokyo's hosting of the 2020 Olympic and Paralympic Games, the promise of Abenomics, Japan's full participation in the Trans-Pacific Partnership (TPP) agreement, and renewed global focus on this country present tremendous opportunities for the American Chamber of Commerce in Japan (ACCJ).

We will seek to foster innovative solutions based on global best practices, for US and Japanese economic growth in 2015. Our proposals will supplement the steps already taken to this end by the government of Prime Minister Shinzo Abe under the revised growth strategy released last summer.

Abe wishes to make Japan the world's easiest country in which to do business, and the ACCJ stands ready to support the Japanese government with innovative, solutions-based recommendations.

The Cabinet's December 2014 Basic Policies for Economic and Fiscal Management and Reform highlight seven pillars of activity: accelerating reconstruction; economic revitalization; overcoming population decline and revitalizing local economies; realizing a society in which all women shine; reviving education; ensuring a secure livelihood; and rebuilding diplomacy and security.

The ACCJ likewise believes that these areas present opportunities to unleash economic growth and increase Japan's industrial metabolism.

### KEY THEMES

The government of Japan has placed a high priority on economic revitalization and the ACCJ will do its part to help the government achieve its goals. The ACCJ's recommendations focus on key areas supporting economic growth, including: foreign direct investment, labor mobility, diversification and globalization, healthcare, financial services, legal services, travel and tourism, the Internet economy, energy and the environment, and entrepreneurship.



By Eric Sedlak  
Vice President, Tokyo

### The ACCJ's recommendations focus on key areas supporting economic growth.

Our proposals must be consistent with the ACCJ's Core Advocacy Principles: free market principles, level playing field, transparent and fair process, global best practices, corporate social responsibility, solutions-based recommendations, and US-Japan economic integration and regional leadership.

The ACCJ seeks to encourage market-wide reforms to further foster innovation and entrepreneurship, as well as to revitalize growth and competitiveness, by creating a globally equipped workforce and pursuing corporate governance and tax reform. Key efforts in this area include promoting greater participation by women in managerial and executive positions, by encouraging reforms such as better access to childcare and eldercare services.

We support Japan's efforts to improve labor mobility—by encouraging greater labor contract flexibility—and the use of global talent. We also seek to nurture creative problem solving, as well as fundamental linguistic and analytical skills in children. Academic credit and priority hiring should be made available for those who have studied overseas, and the government should recruit foreign

students to study in Japan and remain here to work.

We strongly support the inclusion of more independent voices on corporate boards of directors; greater mergers and acquisitions activity; and the promotion of both foreign and domestic investment.

The ACCJ seeks to align Japan's tax policy with global best practices, to raise productivity and stimulate economic activity. This can be

achieved by lowering the effective corporate tax rate, increasing the net operating loss carry-forward period, and reducing the cost of compliance. We also seek to contribute to increases

in healthy life expectancy for Japan's aging society through a number of cost-effective steps.

I should also highlight the profound significance of the US-Japan commercial relationship as a regional and global pillar of stability. The successful conclusion and eventual passage of a high-standard TPP will help the United States and Japan lead in the establishment of a rules-based, high-standard, 21st-century economic architecture for the Asia-Pacific region.

The ACCJ also aims to be a regional leader in organizations such as the Asia Pacific Council of American Chambers of Commerce (see page 42) and at gatherings such as the Asia-Pacific Economic Cooperation forum.

Following a well-managed and transparent preparation period, the 2020 Games will enable Japan to reemerge as an economic hub for the region, by showcasing the country as an attractive location for investment, business, and travel. As the ACCJ and its members are deeply invested in Japan, we stand ready with practical recommendations to help achieve and accelerate economic growth in Japan. ■

UNITED



A STAR ALLIANCE MEMBER

shut-eye • friendly

*United BusinessFirst.<sup>®</sup>*  
*Flat-bed seats on all flights from Japan*  
*to the U.S. Mainland and Hawaii.*  
**fly the friendly skies<sup>SM</sup>**

*united.com*

# The refreshed ROOFTOP BAR and the opening of 「the SUSHI」 on 52<sup>nd</sup> floor

Step into the Rooftop bar from its new entrance and take in the dazzling view of the Tokyo skyline. The terrace space is divided into stylized sections including a private open-air bar with relaxed sofa seating.

Our newest destination, the SUSHI, is an exclusive eight-seat sushi counter. Using only the freshest seasonal ingredients, master Sushi chefs skillfully prepare “omakase-style” offering in this intimate setting, creating an authentic sushi experience.

VISIT [ANDAZTOKYO.COM](http://ANDAZTOKYO.COM) FOR MORE INFORMATION  
JOIN US



@AndazTokyo #AndazTokyo

TEL 03 6830 1234

**ANdAZ** | TOKYO  
TORANOMON HILLS

The trademarks Andaz® and related marks are trademarks of Hyatt Corporation. © 2015 Hyatt Corporation. All rights reserved.

