Rebooting Japan

By Prime Minister Shinzo Abe of Japan

Japan alone has wrestled over the years with the bane of deflation. Deflation robs people of their expectations, turning optimists into pessimists.

As I again stand at Japan’s helm, I am driven by a sense of urgency to remedy this scourge of deflation immediately.

One way forward will be to take advantage of our resources, which, while incredibly rich, are still largely untapped. One long-neglected resource is our human resources, particularly women and middle-aged and elderly workers.

Other still-untapped resources are the methane hydrates and rare earths found in our Exclusive Economic Zone (EEZ), which is fourth in the world in terms of volume. While we are not yet at the stage of commercial viability in extracting these resources, we are perhaps only a step or two away from a breakthrough that would completely redefine Japan’s self-sufficiency ratio. Japan’s holdings of rare earth resources may well be the equivalent of 220 years of our domestic consumption, for instance.

As Japan transitions to a stronger and more vibrant future that makes use of these and other resources, it is clear that our future lies in opening up Japan further. My push to join negotiations for the Trans-Pacific Partnership (TPP) Agreement is just one way in which we are pursuing a future that is more open to the world.

Japan has also bid to host the 2020 Olympic and Paralympic Games in Tokyo.

I am convinced that the selection of Tokyo would move the world in a positive direction, for there can be no doubt that Japan will regain the optimism that astonished the world back in 1964 when the five Olympic rings first came to the nation’s capital. Japan’s structural challenges include a decreasing birthrate, an aging population, and its cumulative national debt.

My administration is determined to resoundingly overcome these challenges through a single-minded pursuit of growth. We have already put forward a number of policy proposals that have been met with positive reactions from not only the markets and world leaders but also from average Japanese citizens and entrepreneurs. Still more changes are in the works.

As a nation, we stand ready to make the difficult choices that will bring strength and optimism to our economy overall and revitalize the daily lives of the Japanese people. This is how we will ‘reboot’ Japan. Japan, a long-established democracy, has been working to make the world a better place.

To continue the path my country has taken, my administration will pursue ways to make Japan more robust and hand a strong and vibrant nation over to the optimistic Japanese of the next generation.
Japan’s gateways to the world

While Japan has long been among the world's most popular destinations, it is quite surprising to find out that the government still considers tourism to be a budding sector.

It was only in 2003 that the government made it a priority to raise foreign tourist arrivals.

In March 2011, the sector was dealt a huge blow with the earthquake and tsunami that hit the Tohoku region in eastern Japan. According to official figures, foreign tourist arrivals fell to 6.3 million that year. Just two years after, that figure has risen beyond pre-disaster levels to 8.6 million.

The remarkable recovery of Japanese tourism speaks to the country's enduring worldwide appeal; and given Tokyo's bid to host the 2020 Olympics, it is hard not to be optimistic for the future.

"Inbound tourists to Japan come mainly from Korea, Taiwan, China, Hong Kong, and the U.S. A significant number of tourists come from the U.S., with over 710,000 of them in 2012, the largest among non-Asian markets. This makes the U.S. one of the most important markets for our Visit Japan programs," said Ryoichi Matsuyama, president of the Japan National Tourism Organization (JNTO).

"This year, we are aiming for ten million tourists, targeting 800,000 visitors from the U.S.,” Matsuyama added.

The country's main international gateway—Narita Airport—is expecting a huge growth in flights and passenger traffic. "With the implementation of the 'open skies' policy, we hope to see an increase in the number of flight operations. And with the economic outlook in seemingly good shape, thanks to the administration of Prime Minister Abe, and his government's policy to promote inbound tourism, we can expect a steady increase in flights to Japan," said Narita International Airport Corporation (NAA) President and CEO Makoto Natsume.

"Throughout the years, we have increased Narita International Airport's capacity, and I am pleased to say that our capacity expansion and facility upgrading is on target to accommodate 300,000 annual aircraft movements by fiscal year 2014. One key feature is a dedicated low-cost terminal,” Natsume added.

Sharing more than half of the total number of international passengers in Japan, Narita International Airport is rightfully regarded as Japan's gateway to the world.

"Narita is an important node between Asia and North America. Our network extends to 109 cities around the world. Compared to other airports around Asia, we have a very well-balanced network, especially with our network to North America, which accounts for sixteen percent of our traffic,” Natsume said.

"As for our partnership with U.S. airports, we have very strong ties with the Port Authority of New York and New Jersey. We are currently having discussions with Denver International Airport so that when the inaugural flight is launched, we would like to conclude a sister airport agreement,” he added.

"As a multifunction airport that can meet the diverse needs for air transport in the Greater Capital Area of Tokyo, Narita aims to become the key international hub airport of East Asia and become an airport that is relied on, trusted, favored, and preferred by the customers," he said.

Meanwhile, Haneda International Airport is capitalizing on its location in central Tokyo in the hopes of attracting more international flights.

"We will have to improve access between the two airports in the future. With the 'open skies' policy and the entry of low-cost carriers, passenger demand will increase,” said Isao Takashiro, president of Japan Airport Terminal, the largest shareholder in Haneda International Airport (See related article).
Born to innovate

Tracing its origins all the way to 1875, to companies founded by two giants of Japan’s modernization, Hisashige Tanaka and Ichisuke Fujioka, Toshiba has continually consolidated its reputation as a pioneer in the technologies of the day. That spirit of innovation still drives the company in all that it does.

The technology giant brought Japan its first radar, transistor television, and microwave oven; and the world its first laptop personal computer and NAND flash memory.

Today, Toshiba has grown into a global organization with more than 200,000 employees, 587 consolidated subsidiaries, and businesses in four main domains: digital products, electronic devices, social infrastructure, and home appliances.

“In the U.S., Toshiba is known for its consumer products like the TV or PC. But actually, we are more than that. We play a leading role in the American electronics industry and enjoy market leadership in NAND flash memory and storage products, and in HDDs and SSDs (technologies that support data-intensive applications on mobile equipment and provide the core infrastructure for managing big data),” explained Hisao Tanaka, the recently appointed president and CEO of Toshiba.

“We are also active in public infrastructure in North America. In fact, we have been the leading supplier of thermal power steam turbines for nine consecutive years,” Tanaka added.

And in the field of medical equipment, Toshiba has developed life-saving products in collaboration with the Johns Hopkins University School of Medicine, one of its many partners. It currently has the third-largest market share in the world in computerized tomography (CT) and ultrasound diagnostic systems.

A deep American connection
One milestone in Toshiba’s history came in 1905 when General Electric (now GE) secured a stake in Tanaka Engineering Works, one of the original founding companies that later formed Toshiba. The partnership resulted in a sharing of technology that accelerated the development of several consumer products.

The Japanese conglomerate entered the American market nearly fifty years ago with the establishment of Toshiba America in 1965.

Today, Toshiba Group in North America consists of seventy-two consolidated subsidiaries with about 22,000 employees, including those from Westinghouse Electric Corporation and Vital Image, which joined the group in 2006 and 2011, respectively. Last year, Toshiba brought IBM’s retail solutions business into the group.

In recent years, Toshiba America has rapidly evolved by focusing on growth businesses, developing new business areas, and shifting its portfolio towards business-to-business (B2B) operations. With that move, the group has strengthened its profit-making base.

“We are very much committed to the U.S. and we do make a contribution in various business areas. An example is our facility in Houston where we manufacture high-performance drive motors for Ford Motor Company’s hybrid vehicles,” Tanaka said.

Mindful of its responsibility to local communities and mission to help build a sustainable society, Toshiba partnered with the National Science Teachers Association to set up the ExploraVision Awards, a science-and-technology competition open to all K-12 students in the United States and Canada.

Guided by a teacher-sponsor, participants study a technology of interest, predict what that technology might be like twenty years from now, and explore what is necessary to make their visions a reality.

Since its inception in 1992, more than 315,000 students have participated in ExploraVision. This year, three student winners showcased their projects at the White House and met U.S. President Barack Obama.

Through this initiative, Toshiba hopes to inspire students to pursue a future in science, technology, engineering, and math.

And with Tanaka at the helm, everybody can expect continuity in these social–development activities.

New leader, continuing vision
With the recent appointment of Tanaka as president, the Toshiba Group will benefit greatly from his long experience in the United States. But as a company veteran, he is also very familiar with Toshiba’s corporate philosophy and mission – “Committed to people. Committed to the Future.”

“The work of our founders still inspires us to meet our corporate social responsibilities by developing technologies, products, and systems that make life better; and to improve environmental management, so that we become one of the world’s foremost eco-companies,” said Tanaka.

With rising concerns about fast-growing population, increasing urbanization, and rising energy demand, Toshiba is dedicated to the wise use of the Earth’s finite resources by fully utilizing the technologies and know-how accumulated over the years in its project to build “smart communities.”

Proving to be once more an innovator in this new field, Toshiba is taking part in thirty-five demonstration and commercial projects around the world to establish “smart communities” and the Japan-U.S. smart grid test project in New Mexico.

In February, Toshiba also joined the Clean Energy Demonstration Project in a major mall in Carmel, Indiana, which is demonstrating a plug-in ecosystem that integrates solar photovoltaic power generation with a vehicle-charging and battery-storage system.

“My management policy will focus on seeking growth in sales and revenue while maintaining a constant level of profit. I will also emphasize innovation, not only in products but in processes, too. And, of course, CSR and environmental activities will continue to be important, as we will fully leverage our technological prowess and leading edge product capabilities to offer people around the world a better future,” Tanaka said.

www.toshiba.co.jp/index.htm
Expert passenger handling at Tokyo’s Haneda Airport

Sixty years since it was formed to develop the old Haneda Airfield into the Tokyo International Airport, the Japan Airport Terminal Co. Ltd. (JAT) has overseen the construction and management of passenger terminals in one of the world’s most important financial centers. (Currently, JAT operates one international and two domestic terminals.)

In what is clear recognition of JAT’s efficient management, Haneda Airport was named the Best Domestic Airport in Skytrax’s World Airport Awards this year. Located in central Tokyo, Haneda has also been recognized by Forbes Traveler as the most punctual airport in the world for two straight years.

“We consider ourselves to be a highly functional airport, and we will maintain that. But we would like to go beyond functionality. We want the people who visit Haneda Airport to be happy and comfortable. We are also constantly looking for ways to be the ideal place in terms of commercial facilities,” said JAT President Isao Takashiro.

Although JAT is recognized as a pioneer in the field of airport operation and widely known for its expertise in terminal management, the company is also responsible for other aspects of the airport’s business: retail establishments, restaurants, building operations, facilities management, parking lot operations, and in-flight catering.

“We also look into opportunities beyond the scope of the airport. In China, for example, we have a business alliance with Beijing Airport. We also have maintained a business alliance with Gimpo International Airport in Korea for the past ten years that has involved a constant exchange of information and human resources,” said Takashiro.

“We are looking to establish more alliances to share and expand our know-how. In fact, we have received inquiries from a number of countries in Southeast Asia that are interested to have us work with them in airport construction and management. These are the opportunities we are looking into,” he added.

Apart from opportunities abroad, JAT is considering an unexpected move into the higher-education sector. With the University Hub Haneda Airport (UHHA) Project, JAT hopes to capitalize on its position as a transportation hub to be a focal point for exchange of knowledge and information.

“We see ourselves as a central base, not just for air traffic. Haneda Airport can also function as a hub for a variety of things: commercial operations, Japanese culture, and even education. With our UHHA project, we wish to cultivate Japanese youth and promote interest in other countries and cultures. In turn, we hope promote Japanese culture to foreign people,” Takashiro explains.

Over the past few years, the Japanese aviation industry has seen a lot of changes with the steady growth of the tourism sector in Japan, the rise in the number of low-cost carriers, and the adoption of the “open skies” policy.

“Airline companies are working hard to be more efficient and constantly incorporate new measures into their operations. To accommodate these developments, we need to make changes in our system, too. We work on keeping down costs and improving the services we provide, so that we stay ahead of the others,” says Takashiro.

“We are currently building an extension to the international terminal, which will be completed in 2014. So by next year, we will double the number of daytime flights per year to 60,000,” he added.

With its round-the-clock operations and location in Tokyo proper, Haneda provides passengers with two major advantages, which JAT capitalizes on in its objective to become a major regional and international airport.

JAT’s message is simple. “We hope that many people from all over the world will come to Japan. And we hope their pleasant experience will begin and end with Haneda Airport,” Takashiro stressed.

Attracted by Japan’s astounding success in global business and by its reputation for technological innovation, a growing number of foreign students apply to Japanese universities, highly confident they will graduate with a world-class education and practical skills.

“International students account for over 10 percent of the total student population. We have more than 230 international undergraduates and over 440 international graduate students,” said Prof. Susumu Yamauchi, president of Hitotsubashi University.

Other top universities in Japan have more international undergraduates than international graduates. Hitotsubashi takes pride in that unique ratio.

Well known for its programs in business and economics, Hitotsubashi University also pioneered seminar-style teaching in Japan alongside both German and Japanese styles in the classroom.

“Hitotsubashi University has a long history of producing leaders of Japanese business, or what we call captains of industry,” Yamauchi said.

“Japanese companies are increasingly interested in hiring international students. We have developed strong career support for international students over the years. And thanks to our reputation in the business sector, companies know Hitotsubashi and our graduates are highly valued,” he added.

Hitotsubashi University also conducts “A Career Seminar,” where different leading business executives gives a lecture at the school every week.

Building a global corporate culture has become a priority for many Japanese-grown companies. While demand for foreign employees is rising, there also is a decline in Japanese students’ desire to study abroad – an issue many universities and members of the business sector are quick to address.

“We created the University Hub Haneda Airport based on the idea that the world is getting more and more international. We must use our position as a central hub to cultivate Japanese youth and pique their interest about other countries, while at the same time bringing people in from other countries to learn about Japan,” said Isao Takashiro, president of Japan Airport Terminal Company.

“We implemented this program last year and have had three academies and one symposium so far. One of the academies was about the creative vision and strategy for the global branding of New York City. We had Willy Wong, who was instrumental in the reconstruction of the city after the 9/11 attacks,” Takashiro recalled.

“We also invited Sri Mulyani Indrawati, the World Bank managing director, to speak to the students and business people at a symposium designated as an official post-conference event after the IMF/World Bank Annual Meetings held in Tokyo last year,” he added.

With the emphasis on molding cosmopolitan graduates, universities in Japan have expanded their global network through more exchange programs and international enrollment.

“We have over 500 foreign students at J. F. Oberlin. Almost thirty percent of our graduate students are international,” said Sei- gakuin University, an undergraduate university founded in 1988. Its graduate school was established in 1996.
“Segakuin wants to be a university that makes a contribution. ‘One for others’ and servant leadership are very important principles that Segakuin follows,” said Akudo.

“Many universities in Japan emphasize that in order to become an internationally-minded person, you need English. But that is not as important as the ability to understand and feel compassion for others. It is not just learning a foreign language that makes you international,” Akudo stressed.

Segakuin University prides itself in providing transformative education that stresses cooperation over competition. Admittedly a small university, Segakuin believes that, more than size, the value placed on empathy and respect toward the learning process allows a university to thrive in our increasingly global community.

While students gain from Japan’s inimitable mix of local culture and international environment, they also benefit from the country’s success as one of Asia’s economic powerhouses.

Opened in 1997, the National Graduate Institute for Policy Studies (GRIPS) in Tokyo provides an opportunity for mid-career officials from around the region and the world to learn about public-policy issues, while equipping themselves to become leaders in their own countries.

“Many students here are sent by their respective governments. They are highly motivated and destined to be senior officials in due course. Experience tells me that our students are on the path to becoming directors-general, members of the board of central banks, ministers, and vice-ministers. They will rise very high,” said Dr. Takashi Shiraishi, president of GRIPS.

“GRIPS is the most internationalized graduate university in Japan. Here, you learn not only about Japanese policy issues but also about other countries in the region. I’m hoping to provide the space and time for international or transnational collaboration on policy studies, particularly for our faculty,” he added.

Graduate schools like GRIPS and various universities in Japan have formed the country’s and the region’s future leaders in business and government.

As an example of development for emerging economies, and with its emphasis on a global mindset and international environment, Japan will surely remain a preferred destination for education.