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The Japan Study Abroad Program

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Background Research

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Cultural Sites

Part 1

Doing Business in Japan

Japan is "a technology powerhouse, a proving ground for consumer goods and services, and in the social and commercial vanguard of developed market demographics." Business connections are strong between the United States and Japan, because many Japanese companies are also major investors in the United States. As a result of this, dozens of U.S. state and city officials visit Japan annually. Japan has proven to be critical and vital to the stability of markets in the United States and in third-country markets. With such a drastically different cultural and business environment, it is important for understands what it means to do business in Japan in comparison to the United States.

The market in Japan has fared very well in recent years. The country's stock market has gotten increasingly stronger, there is continued brighter business and consumer sentiment, the yen is seemingly stabilizing at a much lower level than recent years, and the end of stubborn deflation is apparent. All these vast economic successes can be attributed to new economic policies linked to the three-pronged strategy called "Abenomics." The market policies in this strategy include bold monetary loosening, fiscal stimulus centered on infrastructure spending, and growth-oriented structural reform. Long-term results of this relatively new Abenomics strategy are yet to be determined, but it has definitely drawn considerable attention from U.S. businesses.

Abenomics is an important discussion topic in the Trans-Pacific Partnership between the U.S., Japan, and ten other countries. The liberalization expected to be required of TPP member countries would drastically promote the domestic economic reforms in Abenomics.

Japan is still living in the shadow of the tragic combined earthquake, tsunami, and nuclear incident of March 2011. Lasting changes have been sustained on various levels and remain noticeable today, such as idled nuclear power plants. There has been a dramatic increase in the levels of manufacturing done by Japanese companies outside of Japan. Fuel imports have increased. The yen has weakened. All of these factors combined have been what has turned Japan's multi-decade trade surplus into a trade deficit.

In relation to the rest of the world, Japan has the third-largest economy, just behind the United States and China, with a GDP of almost $6 trillion. Japan is the fourth-largest export market for U.S. goods and services, and is the United States' fourth largest trading partner overall. In 2013 alone, the United States exported $65 billion in goods to Japan. Historically, the United States has run a persistent trade deficit with Japan in merchandise, and a surplus in service.

Japan is facing a few difficulties, with a large government debt, which totals over 200 percent of their GDP, and an aging and shrinking population. But the latter can also present opportunities for U.S. companies.

Top exporters to Japan include China, the U.S., Australia, Saudi Arabia, South Korea, the UAE, and Indonesia. The top importers from Japan were China, the United States, South Korea, Taiwan, and Hong Kong.

The United States-Japan relationship is a cornerstone of all of U.S. security interests in Asia, and is extremely crucial to regional stability and prosperity. The alliance is based on shared vital economic interests and values. The interests and values include

> "stability in the Asia-Pacific region, the preservation and promotion of political and economic freedoms, support for human rights and democratic institutions, and securing of prosperity for the people of both countries and the international community as a whole."

Entering the Japanese market is a difficult task, with the degree of difficulty depending on the product or service involved. Variables include the "degree of local or third-country competition, the number of regulatory hurdles to be overcome, and cultural factors such as language, service and quality expectations, and business practices." Tariffs are typically rather low on imported goods in Japan, however, other non-tariff barriers exist, whether culturally or regulatory. These non-tariff barriers can make market entry difficult. Examples of non-tariff barriers Japanese include import license requirements, restricted or prohibited imports, temporary entry of goods, certifications, standards, labeling requirements, etc.

According to the country commercial guide from the U.S. government, the best prospective industries for U.S. exporters in the Japanese market include:

> "Aerospace, agricultural products and services, biotechnology, cloud computing, cosmetics and toiletries, education and corporate training, electronic components, healthcare IT, medical equipment, nuclear decontamination in Fukushima, pharmaceuticals, renewable energy, safety and security, telecommunications equipment, and travel and tourism."

In order to execute successful and efficient market entry, United States companies should consider hiring a reputable agent or distributor, and should cultivate business contacts through frequent personal visits. The business culture of Japan puts a lot of stress on the importance of personal relationships, and these relationships take time to establish and nurture. Patience and consistent follow-up are absolutely necessary in order to secure a deal.

The United States and Japan have maintained a rather healthy economic relationship over the last decade, but not without difficulty and cooperation. Ultimately, both countries realize that in order to maximize their own GDP, they need cooperation from the other, forming a lasting and healthy relationship between the two countries.

Political and Economic Environment

The Japanese government, historically, has played a very large part in Japanese economic policy. By the country's very nature of being export-reliant and not being able to reach full subsistence or economies of scale, the government has always had to be involved. The government has always allowed oligopolies and monopolies, because in their opinion it was the smartest way to grow their economy. But in recent years, the bureaucracy's degree of influence has diminished over time. The National Diet maintains small staffs and relies on bureaucrats for policy initiatives and the drafting of legislation. The ministries have been directly involved through the issuance of required licenses, permits, and approvals that regulate business activity. Japanese elected officials are highly dependent on campaign contributions from businesses, and

> "Major industry associations and quasi-governmental regulatory bodies [have] also provided lucrative post-government employment called amakudari, meaning "descent from heaven", for senior bureaucrats as well as lower-level bureaucrats who regulate their industries."

The role of governmental institutions in the Japanese economy has varied over the last ten years, as the central government pursues a long-term program of administrative reform, deregulation, and decentralization. Under the Abe government a new "Economic Revitalization Headquarters" was established in the Cabinet Office, with new advisory councils set up to help direct and centralize economic policymaking. These measures and other reforms have somewhat diminished the influence of individual ministries over the economy, but centralized decision-making authority has been strengthened.

The Government of Japan still plays a significant role in promoting favored industries, and government policies and regulations still often favor domestic producers. The main policy focus of Prime Minister Abe's government is to revitalize the Japanese economy, which struggles with the long-term challenges of low growth, deflation, and an aging population and shrinking workforce. The government hopes to tackle these issues through the enactment of Abenomics, which has been slower to take shape but looks promising.

Government involvement in the economy varies greatly between the United States and Japan, but U.S. companies can and do successfully adapt. The American Chamber of Commerce in Japan is one of the largest chambers in the world. Some regulatory barriers still exist, and when companies can't solve problems by itself or through its legal advisers in Japan, the U.S. government stands by ready to help, through the chamber and through the U.S. Embassy.

Leading Sectors for U.S. Export and Investment

There are many promising prospects in Japan for export-ready U.S. firms. There are 10 main sectors that represent the leading sectors for U.S. Export and Investment. These 10 commercial sectors are:

1) Aerospace
2) Cosmetics/Toiletries
3) Education and Corporate Training
4) Medical Equipment
5) Nuclear Decontamination in Fukushima
6) Pharmaceuticals
7) Renewable Energy
8) Safety and Security
9) Telecommunication Equipment
10) Travel and Tourism

In the Aerospace sector, Japan offers a lucrative market for imported aircraft, aircraft parts, and engines. Japanese manufacturers such as Mitsubishi Heavy Industries, Kawasaki Heavy Industries, and Fuji Heavy Industries supply about 35 percent of the content for the Boeing 787. Japan recently adopted new principles and guidelines on arms exports when it comes to the defense sector. This is the first major overhaul of its arms embargo policy in nearly 50 years. Japan now allows arms exports, but only if they serve the purpose of contributing to international cooperation and its security interests.

In the Cosmetics/Toiletries sector, the U.S. is the second largest cosmetics exporter to Japan. Skincare products hold the largest share of the sector, followed by hair care, fragrance, and makeup. This a striking contrast to Western countries, where make-up products have the largest share of the sector. Japanese cosmetics consumers are known to be highly brand and quality conscious.

In the Education and Corporate Training sector, the number of college age individuals in Japan has steadily decreased since 1992 because of the declining birth rate; however, the number of student visas issued in Japan has started increasing again for the first time in more than a decade. The U.S. has been and still is the most popular destination when it comes to international education for Japanese students. The Japanese Government and the corporate world have recently realized the need to globalize Japan’s workforce, and thus study abroad numbers have increased.

The Medical Equipment sector in Japan is one of the largest in the world, and continues to grow at incredible rates. The market is heavily dependent on imports, especially the more sophisticated medical technologies. Japan has limited the United States’ share of the market to about 23 percent. Prime Minister Shinzo Abe’s Abenomics system promotes the domestic pharmaceutical and medical device industries. Japan has identified these industries as key areas for business promotion and development. This means that Japan will work to accelerate regulatory approvals and to eliminate “medical device lags” and “drug lags” in market introduction as well as rewarding innovative medical devices and pharmaceuticals among other measures. The Government received Diet approval in November 2013 of amendments to the Pharmaceutical Affairs Law. These amendments revised the law to reflect the characteristics of medical devices separately from pharmaceuticals. The medical review process is being improved through revised PAL and related regulations. U.S. firms in this industry face challenges with pricing and reimbursement due to the GOJ's efforts to contain overall healthcare costs as a result of Japan's aging population. The government of Japan has implemented pricing policies, such as Foreign Average Price, to lessen medical device reimbursement rates. Even though the FAP rule has narrowed foreign price differentials between Japan and overseas markets, the price differential is still an issue to be solved within the GOJ. As national health expenditures are expected to increase in coming years, the GOJ is working to contain overall healthcare costs, including reducing medical device reimbursement rates.

Japan was bombarded with large amounts of radiological material in March 2011. The nuclear accident at the Fukushima Daiichi Nuclear Power Plant resulting from the March 2011 earthquake and tsunami that hit Northeast Japan released tons of radiological material into the surrounding environment, leading to the evacuation of most of the residents living within a 19-mile radius of the plant. The clean up efforts have been led by Japan's Ministry of the Environment (MOE), under the oversight of the Reconstruction Agency. The MOE, as well as local governments in Fukushima and other Prefectures, are commissioning new decontamination projects on regular basis. The clean up efforts have moved from simple cleaning or removal to storage and disposal of radiological waste. This presents business opportunities for U.S. firms looking to assist Japan it its clean up effort, under the conditions that these firms take a long-term view. The U.S. Commercial Service in Japan works with the MOE to better understand the situation in Fukushima and offers suggestions concerning the remediation process.

Japan holds a major stake in the pharmaceuticals industry of the world, ranking second in the market. The United States makes up a significant amount of the Japanese market, however, the statistic would be even higher if local production by U.S. firms and compounds licensed to Japanese manufacturers were included. The size of this market is increasing due to continued demand for drugs from Japan's aging population and the rising number of chronic and long-term diseases. Prime Minister Abe's identification of the pharmaceuticals industry as a key industry has allowed for rapid expansion of the industry. In the 2010 bi-annual price revision, the GOJ implemented a new premium system that minimizes downward price revisions on new drugs for which there are no corresponding generics on a trial basis. This was a huge positive development for pharmaceuticals firms. In the 2014 price revision, the GOJ decided, for the second time in a row, to continue the new premium system trial for an additional two years. Japanese and foreign pharmaceutical industries are all calling to make the new pilot premium system permanent, because they believe the system is working as expected and will lead to elimination of the drug lag in the long-term. The 2014 adjustment did provide a few more challenges for U.S. firms, with a modification to the "foreign price adjustment" rule.

Japan continues to search for more sources of renewable energy, as they work to reduce the use of nuclear power. The GOJ introduced a Feed-in-Tariff in 2012, boosting electric power generated by renewable sources. Working towards more sustainable energy sources such as solar and wind power, paired with deregulation, is spurring renewable energy development. Japan has a goal of reaching 214 terawatt hours from renewable sources by 2030, which would account for 20% of all electricity generated in Japan. This goal provides excellent export opportunities for U.S. firms that have cutting-edge, cost-competitive products and services.

Japan's security systems industry, including equipment and services, is projected to have a steady growth for the next few years. With the 2020 Tokyo Olympic Games, investment in new technologies for security equipment and disaster prevention management will be a main driving force for the physical security market. The future Games are providing good potential business and partnership opportunities for U.S. firms now. The demand for replacement and upgrade of existing systems is growing. The nature of the physical security market is changing with the development of various IP-based systems along with cloud computing. The 2011 disaster in Japan forced many Japanese companies to review and modify their existing Business Continuity Planning in order to cope with possible risks. The demands for BCP solutions including consulting service and disaster prevention services are expected to sustain growth. Cloud-based disaster recovery services have become a popular way to protect important company data and there are great potential business opportunities in this area. Awareness about natural disaster prevention measures have increased, and therefore the market demand for business continuity and disaster management-related solutions will steadily grow over the next few years. According to the Japanese research company Yano Research, the BCP/disaster prevention solution market will grow 2.5% from 2011 to 2018.

The Japanese telecommunication equipment market traditionally has been relatively closed to the U.S. and other foreign producers, whose market share remain still low. But the relatively large size of the Japanese market ensures that it will remain important for U.S. exporters. In 2013, Japan was the fifth largest market for telecommunications equipment imports. Japan has no tariffs on telecommunications equipment, but U.S. firms allege various nontariff barriers to their sales in the Japanese market.

In 2013, Japan was the fourth largest overall source of inbound travelers (and second largest overseas source) to the U.S., attracting 3.73 million visitors. From the Japan said, the total number of Japanese outbound travelers in 2013 was 17.5 million, and the U.S. continues to be one of the most popular destinations for Japanese visitors holding 21 percent of Japan's market for outbound travel. There are three peak holiday periods in Japan: Golden Week (spring), Obon (summer), and end of the year into the first week of the New Year. Golden Week, generally a popular time to travel abroad, occurs at the end of April/early May, during which four Japanese public holidays can be extended into a five-to-nine day vacation. The summer Obon holiday occurs around August 15th. The longest school holiday occurs around this time, so it is the peak month for all Japanese travel. Many companies also close during the last week in December until just after the New Year for the year-end holidays, which makes it a very popular time to travel abroad. There are an increasing number of nonstop flights from major U.S. cities to Japan. Japanese travel companies are eagerly looking for ideas for new tours. Now is an excellent time for the U.S. travel industry to renew efforts to promote their destinations and services in the Japanese market.

Agriculturally, Japan has never been able to reach a point of subsistence farming or economies of scale. The United States remained Japan's top supplier of agricultural products; however, China, Australia, Canada, Thailand, and Brazil have grown as strong competitors to the United States. In order to tap into the dynamic market of processed and consumer ready food products, U.S. should be aware of several key actors affecting food purchase trends. These factors include: a rapidly aging population, diversification of eating habits, emphasis on high quality, increasing demand for convenience, and food safety concerns. The aging population paired with Japan's life expectancy being the highest in the world, there is a strong demand for "healthy foods." Food products that offer health benefits, such as lowering cholesterol, or containing a high level of antioxidants have a marketing advantage in Japan. Since the 1960s, the Japanese diet has become dramatically westernized. Consumption of rice and tofu are falling due to the rise in consumption of meat and dairy. Restaurants are seeking a wider variety of international food ingredients. Regardless, the retail sector remains the focus of U.S. investment in Japan's food industry.

Part 2

Japanese Customs, Etiquette, and Culture

1) The role of harmony in Japanese culture. Japan's first imperial government dates all the way back to 600 BC. The foundation of the social system during this time was harmony, or *wa* in Japanese. This hierarchal system required each individual, regardless of his or her place in society, was to do exactly what was expected in the exact manner prescribed. Harmony came to be synonymous to the word *amae,* which can be defined as "indulgent love." This framework means that all relationships should be based on a kind of love that indulges other people's needs, as well as their idiosyncrasies, even when it is disadvantageous to do so. The Japanese culture rests in a state of not stirring up trouble or creating disharmony. This causes the Japanese people to think through all their decisions and actions much more thoroughly than what is common in the American culture. The avoidance of confrontation and aggression is very evident even still in today's culture. This huge cultural conditioning has caused the Japanese people to become greatly accustomed to the "Japanese way" of doing things. So much so, that they developed an extreme sensitivity to any deviation from the norm. The harmonized behavior in Japan makes life somewhat predictable. People could easily anticipate one another's attitudes and

reactions to the point that verbal communication is often unnecessary. The Japanese pride themselves on this almost "telepathic" ability.

2) The use of names. All family and given names in Japan consist of two or more set syllables. Formality and recognition of officialdom is important in Japanese etiquette, and so rather than using given names, the Japanese tend to use last names in a formal manner, even in casual and intimate situations. Parents address their children by their first names, and children and young people who are close use first names. As people get older, they usually begin to use last names to address each other. The use of diminutives is common among close friends and family members. For example, adding *chan* to a first name or nickname is the Japanese equivalent of changing Robert to Bobby or Rebecca to Becky. Using first names is becoming more popular with young people and more culturally acceptable. But in the business world, it would still be very unlikely that you'd hear a businessperson call his or her colleague by their first name. Adding *san* is a way to convey honor and respect to whomever you are addressing, no matter the gender or the situation.

3) When and how to bow. In Japan, the bow is the traditional method of expressing greetings, saying farewell, apologizing, showing humility, and indicating understanding and acceptance. The bow originates from an animalistic behavior of demonstrating submissiveness by lowering the head or dropping to the ground to avoid conflict with stronger

adversaries. As they do with so many other etiquette things, the Japanese took the practice of bowing farther than most cultures, to where, in some social situations, it is the only acceptable thing to do. There are three types of bow: the light bow, the medium bow, and the deep bow. The last is called the *sai-keirei,* or "highest form of salutation," and was commonly used during the feudal period, but has grown increasingly unusual ever since. Since the last shogun, it has pretty much only been used for the emperor. After World War II, when the emperor renounced his divinity, the use of the *sai-keirei* disappeared almost completely. In the medium bow, the arms are extended downward with the hands resting on the legs above the knees, and the body is then bent to about a 45-degree angle for about two or three seconds. In the light bow, the most common bow of the three, the body is bent to an approximately 20-degree angle and the bow is only held for a second or two. Children are not being raised under such strict bowing expectations anymore, and the bow is not as instilled in people's psyche. However, the bow is still a vital part of daily life in Japan, and will probably be around for hundreds of years to come. The best rule of thumb for foreigners to follow is to mimic the bow of the person you are greeting. The Japanese people view bowing as a part of their culture, and don't necessarily expect foreigners to have it down perfectly.

4) Shaking hands in Japan. The Western tradition of shaking hands has made its way into Japan, and is done in almost all areas of Japanese society. But the handshake has not diminished the importance of the bow. Many Japanese people combine the bow and the handshake into one smooth motion, but in some specific situations, the bow still takes precedence over the handshake. The handshake is often used in less formal situations, or when two people are already acquaintances. As it is with bowing, it is best to simply mimic what the person greeting you does. A growing number of Japanese in international business are totally familiar with and accepting of Western behavior.

5) Dining and drinking etiquette. The Japanese have turned the preparation, presentation, and consumption of food into a ritualized experience that is both aesthetic and culinary. The beauty of food, the artistic complement of the tableware, the formal manner of the service, and the proper dining etiquette have all been, historically, among the highest levels of cultural expression, indicative of one's character and refinement. The Japanese-style of eating is highly ritualized, but visitor's can typically get by with being able to use chopsticks and being able to sit on the floor for an extended period. Japanese typically use their hand or the bowl as a sort of safety net, in case any food falls off of the chopsticks. Some of the biggest "don'ts" in Japanese eating include not sticking your chopsticks up in your food, and not using your personal chopsticks to touch food on

a community plate. When not using your chopsticks, lean them on a small dish or on the side of the dinner plate. Westerners are typically shocked by the ease of ordering in Japan, and by the fact that rice is not the primary staple of the diet among Japan's younger generations. Rice has been replaced by bread rolls and sliced bread, which comes in multiple varieties and tastes. Drinking is also a highly ritualized event in Japan. The wine-like beverage called *sake* was used as a sacrament in Shinto ceremonies long ago, and has since spread as tonic among the population. Sake has served medicinal purposes as well recreational purposes. Whiskey and beer became popular once introduced by the West in the 1800s, but sake is still considered the national beverage. One major aspect of drinking etiquette in Japan is that hosts make a special point to pour drinks for the other people in their party. Holding the cup with two hands when one's drink is being refilled or when one is pouring more drinks is seen as extremely polite, and the person is revered to have exceptionally good manners. It is seen as polite to drink after your cup is refilled, and to offer to refill someone's cup if they fill yours. These small customs perpetuate a large drinking culture. A person may speak up and refuse a drink without it being the end of the world. Being drunk is seen as the one time that it is acceptable for the Japanese to "lose" their typical traditional etiquette. People will often feign drunkenness in order to "cut loose." Sometimes drinking is the only way to see a

Japanese person's true self, beyond the façade of tradition and etiquette. Japanese people are still inclined to believe that someone has something to hide if they choose to not get drunk. The best way to handle these situations is to accept one drink and then act comfortable. When in doubt, join the crowd in saying "*kanpai*" to toast.

6) Public safety. The Japanese are known for being the world's most generous and hospitable people, and their public behavior is far superior to that of most countries. There is very little violent crime in Japan. Women and children are relatively safe almost anywhere in the country. Teenagers can go hangout out in "dangerous" parts of the city with no concern for their safety. Similarly, theft is not really an issue in Japan. People can leave their belongings anywhere in public and trust that (usually) it will be exactly where they left it. Vandalism is also not an issue for the Japanese. Graffiti is extremely difficult to find, because the people simply don't do it. The worst public nuisance you'd find is a drunken person, and even then, they are rarely rowdy or violent.

7) The importance of gift giving. During feudal times, gift giving was what allowed Japanese society to run smoothly. Inferiors would give gifts to superiors in order to get in their good graces. Gift giving became extremely ritualized, with the rules and expectations being over 200 pages long. Highly revered gifts included special foods, silk fabric, and lacquerware. Once Japan became a democratic nation after World War

Two, gift giving lost some of its necessity and ritual. However, it is still a practice used by individuals and by companies to convey goodwill and appreciation. There are two major gift-giving periods in Japan: *O-Chugen* (the summer gift-giving season) and *O-Seibo* (the year-end gift-giving season). Midyear gifts are known to be goodwill gifts, and end of the year gifts are known to be gifts of appreciation. The gift industry is huge in Japan, from production, packaging, wrapping, delivery, etc. It is so huge, in fact, that many gifts often go unused, and there is a huge market for gift buy-back and re-sell.

8) Home-visiting etiquette. It is proper to remove your street shoes in the vestibule, and then put on the slippers the host may provide you. You will then, most likely enter the sitting room, in which you will sit on a pillow around a low table, typically in the middle of the room. In the corner of the room, there will be a *tokonoma,* which is like an altar of sorts. The seat of honor is considered the seat closest to the *tokonoma.* It's not polite to take this seat unless offered. Beyond these two things, visiting a Japanese home is rather similar to visiting one in the United States or in Europe; be courteous, polite, and grateful. A custom that is more strictly observed in Japan compared to the United States is that the guest is typically expected to bring a gift, usually a pastry or some kind of food, or a drink, to convey their gratitude to their host.

9) Shrine and temple etiquette. Typical etiquette at a Shinto shrine includes a few expectations. Traditionally, once a person passes under the *torii* gate, they are expected to be quiet and reverent, because the gate symbolizes entrance into a holy place. One will pass the Korean dogs outside of the temple, and enter into the main hall of worship, called the *haiden.* After throwing some money in the donation box and pulling the rope to call on the deity, one will continue on into the main sanctuary, called the *honden,* which is where the spirit is said to reside. Photography is not always allowed in the *haiden* and the *honden.* Buddhist temple etiquette is somewhat similar. People can purchase incense outside the gate of the temple and spread the smoke over themselves, since it is believed to have healing powers. Usually temples will request that visitors take their shoes off. Photography is typically permitted on temple grounds, but isn't always allowed in temple buildings.

10) Business in Japan. Characteristics that distinguish Japanese business from American business include: a greater degree of formality, a hierarchical structure that is similar to what exists in military organizations, a reliance on management by consensus rather than the initiative of individuals, strict forms of behavior that eschew most of the light-hearted casual joking and horseplay that is common in many foreign companies, and extraordinary employee loyalty. All of these

factors combined make Japanese companies very team-oriented, which can give them special advantages. One downside though is that individuals don't necessarily have the ability to make fast, major decisions. A major piece of advice for people dealing with Japanese companies is to treat them like small businesses with democratic leadership. One of the hardest things about doing business in Japan is getting your foot in the door; discussions and negotiations start with lower and middle level management. A person must first develop trust and a good reputation with the company before any big business can be done. Because of this high level of trust needed, behind-the-scenes lobbying and impressing is often done. Relationship maintenance is also important. The Japanese don't view contracts as permanent, binding agreements, but rather as a temporary agreement that can be adjusted as needed as time progresses. That's why it is important to maintain a strong and positive relationship with upper level management in order to keep the relationship on an even keel. Hard-nosed negotiating at the meeting table is very rare in Japan. Typically, there is never one individual that can voice the opinions and the make the decisions for the entire group. Therefore, negotiations often take place outside of the business setting, at dinners and parties, where etiquette is not as strict. This way, businesspeople can actually share their opinions and their desires. Something that surprises Westerners about the Japanese is their distrust of people who are overly logical. In the Japanese mindset, *rikutsu-poi*, or “being overly logical,” is seen as a negative rather than a positive. They don’t throw logic out the window, but rather, they begin business appealing to the human side of business, rather than just the logical side. There is a more holistic approach to business in Japan, rather than just the bottom-line focus we find in America.

Part 3

Economies of Scale

Economies of scale are defined by Investopedia as the cost advantage that arises with increased output of a product. They arise because of the inverse relationship between the quantity produced and per-unit fixed costs, or rather, phrased simply, the fixed cost per unit decreases when you produce more stuff. When you produce more stuff, the fixed costs are dispersed onto a greater amount of products. Economies of scale can be classified into two main types: internal (arising from within the company), and external (arising from extraneous factors such as industry size).

Internal economies are associated with the expansion of a single firm. There are 5 types of internal economies of scale, the first being technical economies. Technical economies are the cost savings a firm makes as it grows larger, and they come from increased use of large-scale mechanical processes and machinery. Purchasing economies are gained when larger firms buy in bulk and achieve purchasing discounts. Administrative savings can arise when large firms spread their administrative and management costs across all their plants, departments, divisions, or subsidiaries. Financial savings can be gained large firms because the firms can usually borrow money more cheaply than small firms. This is because large firms usually have more valuable assets that can be used as collateral, and are seen to be a lower risk in borrowing. Risk bearing economies are derived by large firms who can bear business risks more effectively than smaller firms.

External economies of scale are the benefits and costs associated with the expansion of a whole industry as opposed to just a single industry, and result from external factors over which a single firm has little or no control. These external economies of scale include the benefits of positive externalities firms receive as a result of the development of an industry or the whole economy.

So how do internal and external economies of scale affect exporting? Usually foreign trade is based on specialization – each country specializing in the production of goods/services in which it has comparative advantage. When economies of scale come into play, there are advantages to engaging in trade even if there is virtually no difference between countries in terms of economic efficiency. Countries can specialize and meet the needs of not just their own country, but also their trading partners. Each country reaps greater benefits of their economies of scale if they produce to meet greater demands. For example, say both Country A and Country B are capable of producing enough steel and aluminum to meet the demands of their own countries. If Country A can reach economies of scale for steel and Country B can reach economies of scale for aluminum, the most advantageous trade agreement would be for Country A to produce the steel for both countries and for Country B to produce the aluminum for both countries. This would lower production costs for each country, while each country would still be satisfying demand, thus earning more profit for each country. Just because you don't have to outsource production, doesn't mean you shouldn't. Specialization can reduce average costs and retail prices to lower levels than if each nation attempts to be self-sufficient in the products subject to economies of scale. Some critics claim that it is too risky to make countries so dependent on one another, but when looking at the bottom-line, specialization and increased exporting is the most cost-effective way to do business.

Part 4

Just In Time Manufacturing

The Japanese economy has proven to be one of the fastest-growing economies of the world, largely in part due to the Just-In-Time manufacturing process. The Japanese economy took a huge hit in November of 1973 when the first oil shock hit, the greatest blow to Japan since World War Two. Most manufacturing-based companies couldn't even survive, but the Toyota Company showed unwavering strength. Toyota emerged as a leader and an example for the rest of the industry because of what was then called the "*kanban* system".

For about twenty years, up until this step into leadership, Toyota flew relatively under the radar. For many reasons, Toyota was not noticed by the manufacturing industry. The first being, Toyota wanted to keep their effective system from the public forum. The second, no scholars or philosophers were willing to champion the issue, because it was so drastically different than existing successful manufacturing philosophies. And third, methods in the *kanban* system were "inelegant, work-floor-based" and therefore, they were difficult to evaluate. The system was easier to understand if you're on the floor doing it than if you're trying to manage and understand it. The practice was "more easily accepted by the practitioners than by the thinkers."

So what was this revolutionary system causing such a stir in the manufacturing world? In May 1978, Taiichi Ohno, father of the system and then VP of Toyota Motors released his book called *Toyota Production System: Beyond Large-scale Production.* This book was the first look the world was given into the Just-In-Time system that dominates our world today. The recurring the theme of the book was "seeking management of simplification". Up until this point, manufacturing companies focused on quantity. In their minds, the more you could produce, the more successful you were. But the system put in place by Toyota focused on manufacturing every day only that which is needed in the amounts that are needed. Every single part of the process must become an assembly line operation. Basically, the philosophy was, "if it arrives in time, that's good – but don't make any extra."

This system definitely required a shift in thinking when it came to human capital. Workers would work for a certain number of required productions, rather than a certain number of hours. The workday would end if the goal number of production for that day was reached, it could be earlier or later than the normal workday. Obviously, this new system required a change in thinking from the workers at Toyota. Kiichiro started working on retraining workers at Toyota to have this mindset, but was cut short because of World War Two (all production because military production). After World War Two, it was Ohno's job to implement the production system, and he did it using *kanban.*

According to Frederick W. Taylor, the father of scientific management, the barriers to manufacturing efficiency were that 1) the workers performed systematic sabotage, and 2) the methods used to determine wages were irrational. Taylor would perform time studies and task management to rationally scientifically establish wages. Through these studies, he was able to establish standard operations and to control the time of production activities based on these criteria, and the concepts of "standardization" were born. Taylor's ideas of time-based control of operations were mechanized through the "Ford System" of Henry Ford. Ford conceived the conveyer-driven production lines, and these production line methods were the "driving force behind dramatic improvements in the manufacture of automobiles at the time."

Taiichi Ohno thinks that Henry Ford would've eventually arrived at the *kanban* system if he had been alive to do it. Ohno evaluates the following points of the Toyota Production System:

> "Like Ford's system, the Toyota Production System is based on the assembly line or work flow system. The difference is that, while Charles E. Sorensen, Ford's first president and head of production, worried about warehousing parts, Toyota eliminated the warehouse. There is something I would like you to recall here – "Just-In-Time" is having the part needed, in the amount and at the time needed."

Ohno, who clearly valued and respected the work of Henry Ford, also wrote on eradicating waste and about standardization.

> "I believe Ford was a born rationalist – and I feel more so every time I read his writings. He had a deliberate and scientific way of thinking about industry in America. For example, on the issues of standardization and the nature of waste in business, Ford's perception of things was orthodox and universal."
>
> "We see in Ford's thinking his strong belief that a standard is something not to be directed from above. Whether it is the federal government, top management, or a plant manager, the person who establishes the standard should be someone who works in production. Otherwise, Ford emphasizes, the standard would not lead to progress. And I agree."

Ford and Toyota clearly both value the important of strategic human resource management and understand the importance of motivation, integration, and incentivizing. But there, naturally, are multiples areas where the Ford System and the Toyota Production System do not completely agree. There are three main areas of differences between the Ford and the Toyota systems, as outlined by Shigeo Shingo in 1955 in the "Toyota Production Technology Lectures."

The first major difference is large-lot manufacturing v. small-lot manufacturing. Ford, the American system, had "anticipate, plan, forecast" production. Toyota, the Japanese system, had "production to order and production adapting to actual demand through small-lot, short-lead-time production."

The second major difference lies in Mixed Production in the Assembly Process. Toyota carries no immediate inventory, whereas Ford produced a single product in large-lot, small-variety production. The Toyota Production System has mixed flow of small lots of highly diversified products.

The third and final major difference between the systems pertains to fully integrated operations from parts to assembly. In the Toyota Production System, single integrated production flows from parts processing to final assembly. But in the Ford system, single flow only occurred in the final assembly process. Toyota parts makers and subcontractors engage in 1-piece or small lot production, whereas part fabrication at Ford was done in large lots.

A major benefit of the Just-In-Time system is that is produces excellent products inexpensively. In markets based on competition, the “main objectives of the manufacturer in any age have always been to make higher quality products less expensively and more quickly. Before the first oil shock, supply was unable to keep up with high demand. If a company could more fully use its resources (such as people, material, and capital) to increase production, then lower average costs and increased profitability would result. Companies greatly depended on the concepts of economies of scale. However, in eras of low growth, such as the oil shock of 1973, a diversified product line that is highly responsive to changes in demand is necessary. This responsiveness is what allowed Toyota to survive the oil shock. While other companies were struggling to say above water because of their mass quantities of inventory that wasn’t selling, Toyota was thriving. By only creating the products necessary at any given time, Toyota wasn’t stuck with inventory that wasn't selling. According to "The Shift to JIT: How People Make the Difference," –

> "Even with products such as automobiles, which are normally thought of as being manufactured in fixed-quantity production systems, an examination of the numbers and types of automobiles sold would reveal that there is data to indicate that of the 19,349 different models available form a particular automobile manufacturer, in a given month half of these models only sell a single vehicle each."

Toyota was the first company to capitalize on these facts. The Toyota Production System created the most responsive supply chain network system that the world had ever seen. For a company to be profitable, the larger the difference between total sales and total costs, the better. There are only two ways to increase this difference – either raise the sales prices or to lower the costs. These methods of obtaining competitive advantage are often referred to as "cost leadership" and "value leadership." But as the market grows and the nature of consumption changes, we are becoming a society that doesn't accept raised prices. Products must derive from a cost reduction system. To make things inexpensively, a company must make high quality products in just the amounts that will sell, using few people and inexpensive equipment.

JIT first started in the automobile industry, but later spread into all areas of production, such as the garment industry, food products, restaurants, distribution, and so forth. In order to be responsive and to minimize lead-time, point of sale information is crucial to the success of the Just-In-Time system. Synthesizing of point of sale information and JIT occurred about thirty years ago. The revolution began with companies responding to consumer needs by stocking on shelves only goods that would sell, a practice based on the philosophy of getting by without any wasted intermediate inventory while minimizing stock outs. JIT had been adapted from production practices to retailer decision-making.

Today JIT transcends all types of industries, all sizes of companies, and national boundaries.

Part 5

The Toyota Production System

The Toyota Production System (TPS) is an extremely unique and highly specified system that has been sharpened and changed through many generations. The foundation of the system lies in the philosophy of "the complete elimination of all waste." The philosophy transcends into all areas of the company, and all parts of the production process pursue the most efficient methods of production.

Toyota's production system began as Sakichi Toyoda's automatic loom and the Just-In-Time concept, an idea developed by Kiichiro Toyoda, the founder of Toyota Motor Corporation. The system is often referred to as a "lean manufacturing system" or a "Just-In-Time system." The system has been constantly changed and improved over the years, with the main objective of "making the vehicles ordered by customers in the quickest and most efficient way, in order to deliver the vehicles as quickly as possible."

Toyota Motor Corporation believes that elimination of all waste will greatly impact the corporation itself. All accumulation of waste can be manifested as excess inventory, extraneous processing steps, and defective products. Sakichi Toyoda's automatic loom allowed manual tasks to be automated, while also having the capabilities of making judgments within the machine itself. Kiichiro Toyoda expanded on the waste elimination philosophy by realizing that "the ideal conditions for making things are created when machines, facilities, and people work together to add value without generating waste". He created methods to eliminate waste, thus resulting in the Just-in-Time method.

There are two rudimentary concepts that are crucial to the TPS. The first is called "jidoka" (which is loosely translated as "automation with a human touch"), which means that when a problem occurs, the production stop immediately, preventing defective products from being produced. The word "jido" has multiple meanings. There is the standard Japanese definition of "jido," which means a machine that moves on its own. Then there is the Toyota application of "jido," which is used to refer to a machine with a built-in device for making judgments. The jidoka system greatly increased efficiency at Toyota, because a single operator could be put in charge of many looms. The second concept is the Just-In-Time concept, where each process only produces what the next process needs. These two concepts combined allow Toyota to efficiently and quickly produce vehicles of sound quality, one at a time, that fully satisfy customer requirements.

Another key element in the Toyota Production system is the kanban process. The word "kan" means "visual," and "ban" means "card," so kanban refers to visual cards. The kanban system uses visual cards as a signaling system that triggers an action to supply the process with its needs either from an external supplier or form a warehouse. This particular system has also been referred to as the "Supermarket method" because the idea behind it came from supermarkets. Toyota chose this concept because supermarkets stock their items in the quantity needed and available for sale. Taiichi Ohno, a promoter of the Just-in-Time idea, applied the supermarket concept to the manufacturing of vehicles. By having the one process move on to the other to claim the exact parts needed as they are needed, Toyota is more able to improve upon existing inefficiencies.

Toyota has provided us with six rules for an effective kanban system:

1. Customer (downstream) processes withdraw items in the precise amounts specified by the kanban.
2. Supplier (upstream) produces items in the precise amounts and sequences specified by the kanban.
3. No items are made or moved without a kanban.
4. A kanban should accompany each item, every time.
5. Defects and incorrect amounts are never sent to the next downstream process.
6. The number of kanbans is reduced carefully to lower inventories and to reveal problems.

Under these rules, kanban serves to ultimately eliminate overproduction, and keeps everyone involved in the JIT process in constant communication.

Part 6

Lifetime Employment

Many predictions have been made that lifetime employment is a dying system in Japan, but despite these claims, lifetime employment remains the core institution of the Japanese management system. Regular employment in a large and prestigious organization is a main aspiration of the majority of Japanese young people. The concept of lifetime employment is not guaranteed by statute or collective bargaining agreement, but rather is a "gentleman's agreement," – a two-way relationship between the worker and the employer. James Abegglen in *The Japanese Factory: Aspects of its Social Organization* first introduced lifetime employment to the English-speaking world in 1958. He described the system like this:

> "… The worker commits himself on entrance to the company for the remainder of his working career. The company will not discharge him even temporarily except in the most extreme circumstances. He will not quit the company for industrial employment elsewhere. He is a member of the company in ways resembling that in which persons are members of families, fraternal organizations, and other intimate and personal groups in the United States."

The Japanese economy had been troubled by successive downturns in the interwar period, including the 1921 post-WWI recession, the 1923 Kanto Great

Earthquake, and the 1926 Financial Crisis. The largest shock was the Great Depression of 1929-31, during which time the nation's industrial production declined by 8 percent. Many firms, even the largest employers, reduced wages, cancelled benefits, and undertook large-scale layoffs. The level of employment fell by more than 8 percent. Workers organized multiple strikes and public demonstrations. The labor disputes prompted the government to exhort business leaders not to dismiss workers in mass quantities, for fear of widespread unemployment and social disorder.

Workers' protest against employment reduction and the elimination of benefits, together with government intermediation during labor disputes, gradually established an expectation that these benefits were part of the "just reward" that could not be withdrawn at management's will. In response, management developed methods of adjusting employment to mitigate the cost of long-term commitment in business downturns. Although a vast majority of workers in the economy remained highly mobile, a set of stable and loyal workers began to emerge in leading firms. The labor unions were upset over the previous decade's trend of mass dismissals, as well as court decisions to restrict employers' right to dismissal due to business difficulties.

The institution of lifetime employment traces its origins to corporate welfarism that emerged during the interwar period. There was a period of rapid growth of heavy industries and a shortage of skilled labor force 1914-1918 brought about by World War One. Leading firms began setting up corporate apprenticeship schools, and started favoring workers trained in-house rather than mid-career workers. Initially, a majority of apprentices left their employers after a training period for better wage offers. To reduce labor turnover, employers introduced pecuniary incentives. Management began awarding pay raises to a fixed percentage of workers based on their merit and length of service, and also instituted retirement allowances whose amount increased with the years of service.

In exchange for the Unions' cooperation with management in rationalization and productivity improvements, enterprise unions demanded employment security of their members. During business downturns, unions monitored managerial behavior and cooperated in transferring employees and soliciting early retirement. Enterprise unionism thus became a central internal enforcement mechanism for the emerging lifetime employment practice in large firms.

This concept of lifetime employment especially prevailed during the years of high economic growth, which began about 1955. Sustained periods of economic growth allowed companies to project longer time horizons as economic conditions became more predictable. For employers, stable employment relationships enhanced the concept of investments in human capital – the recognition that workers are an important asset, or an investment with real returns. As expectations of employment security became reality, long-term employment became the norm governing the employment relationship in subsequent periods.

James Abegglen argued that lifetime employment at a single organization produces and reinforces an emotional identification between employer and employee that leads to personal, family, and corporate success being coincided in what he calls a "partnership of fate." He identified lifetime employment as the defining institutional characteristic of the Japanese corporation as a distinctive bureaucratic capitalist organizational type.

Lifetime employment is good for both firms and workers. Companies can invest training in their workers, which increases efficiency and productivity, and workers can receive long-term benefits and job security. So if lifetime employment is so successful, why do people suggest that it is a dying system? There are two reasons, the first being that change is forced on the system from external sources – pressures associated with globalization. The second reason for change comes from Japan's endogenous development.

There are disadvantages with the system as well. Workers often feel "stuck" in their jobs. If a worker is to quit their job, others perceive that as a "lack of sincerity," and it's much harder for that worker to become reemployed. Not to mention, workers become reluctant to accept as social equals individuals hired with prior job experience. Being fired from a company is an industrial death sentence for workers.

Japanese companies have been slowly chipping away at lifetime employment for 20 years, because it doesn't make sense in an economy that no longer grows as fast as it once did. Reassigning or transferring workers to other parts of the business may no longer be a viable solution. Smaller firms are getting saturated with workers. The labor market is becoming more flexible. Some say lifetime employment is a contributing factor to the poor state of the Japanese economy. Employers are investing so much money in human capital that they struggle to meet high profit margins. While lifetime employment is on the decline, Japanese firms still avoid dismissing workers as much as possible.

Part 7

Trans-Pacific Partnership (TPP)

The Trans-Pacific Partnership is a highly controversial "free trade" agreement that is currently being pushed by big corporations and is being negotiated behind closed doors by officials from twelve countries – the United States, Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam.

The TPP would expand the North American Free Trade Agreement trade pact model that has spurred massive U.S. trade deficits and job loss, downward pressure on wages, unprecedented levels of inequality, and new floods of agricultural imports. The TPP would expand NAFTA's special protections for firms that offshore U.S. jobs. The deal could, according to *Public Citizen,* a huge critic of the partnership,

> "Offshore American jobs and increase income inequality, jack up the cost of medicines, sneak in SOPA-like threats to Internet freedom, expose the U.S. to unsafe food and products, roll back Wall Street reforms, ban Buy American policies needed to create green jobs, and empower corporations to attack our environmental and health safeguards."

Clearly, TPP was not met with enthusiasm from everyone. The nine Trans-Pacific Partnership countries announced that the TPP's intentions were to "enhance trade and investment among the TPP partner countries, to promote innovation, economic growth and development, and to support the creation and retention of jobs." Critics, including global health professionals, internet freedom activists, environmentalists, organized labor, advocacy groups, and elected officials, are upset with the partnership, mainly because of the proceedings' secrecy, the agreement's expansive scope, and controversial clauses in drafts leaked to the public.

Only certain sections of the drafts of the Trans-Pacific Partnership have been leaked to the public, and only summaries of other parts. Supposedly, TPP chapters include: competition, co-operation and capacity building, cross-border services, customs, e-commerce, environment, financial services, government procurement, intellectual property, investment, labor, legal issues, market access for goods, rules of origin, sanitary and phytosanitary standards, technical barriers to trade, telecommunications, temporary entry, textiles and apparel, and trade remedies.

According to the United States Trade Representative, TPP seeks to promote comprehensive market access by eliminating tariffs and other barriers to goods and services trade and investment, to create new opportunities for workers and businesses and immediate benefits for consumers. TPP also strives to reach a fully regional agreement of facilitation and development of production and supply chains among TPP members, thus supporting the goals of job creation, improving living standards and welfare, and promoting sustainable growth among member countries. TPP builds on work being done in APEC to resolve crosscutting trade issues. Promotion of trade and investment is important to TPP, especially in the digital economy and green technologies, in order to ensure a competitive business environment across the TPP region. The Trans-Pacific Partnership wants to keep the agreement flexible, updating it when needed to address trade issues that materialize in the future, as well as new issues that arise with the expansion of the agreement to include new countries.

Critics are ardently calling for the veil of secrecy surrounding the TPP to be lifted. But U.S. Trade Representative Ron Kirk responded that he believes the Office of the United States Trade Representative conducted the process as transparently as possible, while still maintaining the level of discretion and confidentiality necessary to preserve negotiating strength and to encourage partners to be willing to put issues on the table. Many U.S. senators are upset, as even they are being left in the dark. United States Senator Ron Wyden introduced S. 3225, a document that would require the Office of U.S. Trade Representative to disclose its TPP documents to all members of Congress. The bill, however, according to Wyden, is being incorrectly interpreted by the USTR as a justification to excessively limit such access. The reason for Senator Wyden's dismay is that while Congress is being kept in the dark, U.S. corporations, such as Chevron, Comcast, and Halliburton, are being consulted and made privy to details of the agreement. Congress is fighting over the President's right to "fast track" treaties. Fast tracking was initially put in place so that the President can up-or-down vote a treaty so that line item issues from Congress would not force the

President to renegotiate with TPP countries. But now Congress is upset because fast tracking has greatly diminished Congress' voice in giving advice and consent on trade agreements, a role of Congress numerated in the Constitution.

The Trans-Pacific Partnership is different than traditional trade agreements. Trade agreements used to deal mostly just with goods; you can import *x* number of widgets at *y* price, as long as certain environmental and labor standards are met. Modern trade agreements, such as TPP, encompass a broad range of regulatory and legal issues, making them a much more central part of foreign policy and even domestic lawmaking.

So how will TPP actually affect American daily life? Initially, not much. In the aggregate, it is expected to make American citizens richer. The Peterson Institute for International Economics estimates that the U.S. will realize $78 billion more per year under its assumptions about what the TPP will include, and $267 billion annually if free trade is expanded to the rest of the Asia-Pacific region. This is good news for U.S. investors with foreign interests, or small businesses looking to sell stuff overseas. But jobs like car and airplane production may be in trouble, as outsourcing of jobs may increase.

Asia Pacific Economic Cooperation (APEC)

The Pacific is full of countries of varying traditions, cultures, expectations, morals, religions; just about all the differences you can imagine. Getting all these countries to work together is a task many critics viewed as unlikely. The goal of the Asia Pacific Economic Cooperation was to unite these countries under a common goal, and many would say that APEC succeeded in doing this.

APEC is a forum for 21 Pacific Rim member economies that promotes free trade throughout the Asia-Pacific region. It was established in 1989 in response to multiple factors including: the growing interdependence of Asia-Pacific economies and the advent of regional trade blocs in other parts of the world, the fears that highly industrialized Japan would come to dominate economic activity in the Asia-Pacific region, and to establish new markets for agricultural products and raw materials beyond Europe.

Because of the diversity and variety among the Pacific countries, people doubted the obtainability of an overarching organization created for economic collaboration for countries of the Pacific. The key to success was finding a balance, building a mutual trust, finding a substitute for the desire for hegemonial power. Countries needed awareness of the impact their macroeconomic decisions and goals had on the rest of the world. The Pacific greatly needed improving of the exchange rate market, the promotion of international trade, and to reduce price fluctuations. The only way to reach these goals was to open up and maintain communications between pacific countries. There needed to be integration of developed and developing countries.

Prior to APEC, the Pacific region lacked a regional identity. There was very little consistency between the pacific countries, culturally, ethnically, and historically. Simply put, the countries are very different. For example, populations of the countries ranged from 300,000 in Brunei to 1.1 billion in China. The gross national products ranged from $3.1 billion of Papua New Guinea to $5,520 billion of the United States. Land regions range from the 600 kilometers of Brunei and Singapore, to the 1 million square kilometers of Canada. The Pacific Ocean had historically been viewed as a divider, rather than a unifier.

APEC did more than just unite the countries economically. The cooperation also focused on politics and militaries. Politically, the United States maintained extreme hegemony in the Pacific. It was more bilateralism with the Pacific, whereas the United States upheld multilateralism in Europe. The U.S. wasn't quick to promote multilateralism in the Pacific, because that means less power for America. Militarily, it was difficult to achieve collaboration because of wartime histories between so many of the countries and Japan. Japan was viewed as much more of the problem than as part of the solution to Pacific insecurities. Resentment towards Japan was even greater to Europe post-WWII, post-colonization. This resentment was only exacerbated by Japan senior officials' often route of denial. Fear of Japan was routed in their large population ad strong industrial history. Japan posted a much larger threat than divided Germany. People were scared that a reconstruction of the Pacific rim would mean Japan would grow even more industrially, whereas countries like Korea would be forced into an agricultural role.

An annual APEC Economic Leaders' Meeting is attended by the heads of government of all APEC members, except Taiwan. The location of the meeting rotates annually, and traditionally, leaders typically dress in a national costume of the country. Member countries in include: Australia, Brunei Darussalam, Canada, Indonesia, Japan, South Korea, Malaysia, New Zealand, Philippines, Singapore, Thailand, United States, Taiwan, Hong Kong, China, Mexico, Papua New Guinea, Chile, Peru, Russia, and Vietnam. India has requested membership in APEC. Many countries are wary of this because of India does not have a border on the Pacific Ocean. India was, however, invited to be an observer for the first time in 2011. Dozens of other countries are seeking membership in APEC, in addition to India.

APEC has been criticized for promoting free trade agreements that would trammel national and local laws, which regulate and ensure labor rights, environment protection, and safe and affordable access to medicine. APEC claims to be "the premier forum for facilitating economic growth, cooperation, trade, and investment in the Asia-Pacific region," established to "further enhance economic growth and prosperity for the region and to strengthen the Asia-Pacific community. However, it remains up in the air whether or not APEC has accomplished anything constructive, especially from the viewpoints of European countries that cannot take part in APEC and Pacific Island nations that cannot participate but will suffer its consequences.

Part 8

ISO 14001 Certification and ISO 9001 Certification

ISO, the International Organization for Standardization, works to create international standards in order to better the work environment for companies globally. The ISO 14000 grouping specifically addresses various aspects of environmental management. According to the ISO home page, it "provides practical tools for companies and organizations looking to identify and control their environmental impact and constantly improve their environmental performance." Ordinances focus on different topics, such as environmental management systems, life cycle analysis, and communication and auditing.

Specifically, ISO 14001:2004 sets out criteria for an environmental management system and can be certified to. It doesn't explicitly state requirements for environmental performance, but rather, maps out a framework that a company or organization can follow in order to set up an effective environmental management system. ISO 14001 can be used by any organization, regardless of its activity or sector. It is a good check for assurance to company management and employees, as well as external stakeholders, that environmental impact is being monitored, and hopefully improved.

According to the ISO –

"Benefits of using ISO 14001 can include 1) reduced cost of waste management, 2) savings in consumption of energy and materials, 3) lower distribution costs, and 4) improved corporate image among regulators, customers, and the public."

ISO 14001 catches a lot of heat from critics, cynics, and environmental activists. One skeptic summarized being certified as, "it means you can pollute to the ends of the earth, as long as it is well-documented." Although the statement is clearly quite hyperbolic, this view represents a widespread perception of 14001. Although it is capable of giving businesses a clear sense of where they're at in terms of environmental performance, no intrinsic "moral compass" of environmental responsibility is built into the standard. Polluters are held to account on legal and regulatory thresholds that affect the jurisdiction they operate within.

Launched nearly 20 years ago, the ISO 14001 certification has grown to having more than a quarter-million organizations certified today. The popularity of ISO 14001 has been so prolific that it has achieved nearly the same notoriety and respect as its part, ISO 9001.

ISO 9001 is the go-to standard for organizations that want to communicate their commitment to quality management. 9001 essentially shaped 14001, and the form and structural core of both standards are basically the same. The small and simple difference between the two is this –

"Where an ISO 9001-conformant organization will retain the documentation supporting procedures and processes that impact product quality, ISO 14001-conformant organizations will retain documentation on procedures and processes that involve any sort of impact on the environment."

Basically, anything pertaining to air, water use, wastewater output, energy use; any aspect of business that can generate impacts upon the environment around us. These differences, though, are what cause unrest about ISO 140001 from social activists. ISO 9001-conformanet procedures and processes do not guarantee high-quality products and performance, and similarly, ISO 14001 does not provably suggest that an organization is proactive and responsible in any of its environmental endeavors.

This doesn't mean that certification is a bad thing! Any business that has taken the exhaustive steps to become ISO-14001 certified deserves praise. 9001 and 14001 are both difficult to attain and maintain, because they require ongoing adherence to nuanced requirements through detailed documentation as well as the actualization of processes and procedures described within the association documentation. The problems lie in the fact that ISO-14001 creates a perception that organizations are environmentally responsible. An ISO-14001 registered power plant can emit excessive air pollutants and discharge vast quantities of toxic wastewater, as long as their emissions and discharges are well measured and described.

Many questions arise about the integrity of ISO-14001. Multiple organizations invest in ISO-14001 certification simply to improve brand image, boosting the perception that the organization is "green", causing people to question what certification actually means. Is ISO-14001 actually improving environmental performance? Is it actually minimizing negative environmental impacts?

The short answer to these questions is no. Certification doesn't necessarily mean these things. However, awareness is the first step to creating action towards positive change. While many organizations will secure ISO-14001 as a totem of their respect for the environment, others will actually honor the spirit of the standard and commit to continuously improving environmental performance.

Specifically in Japan, ISO 14001 has fared well. Japanese facilities have led the world in numbers of certifications. The spreading of 14001 has been within a broader context of environmental policy and 'green' corporate initiatives. Since the 1990s, the Japanese government has enacted a number of laws that seek to "strengthen the national environmental regulatory efforts, project a greener international persona, and establish Japanese environmental leadership at a global level."

Japan has hosted a number international environmental conferences, including the Third Conerence of the Parties to the Framework Convention on Climate Change where the Kyoto Protocol addressing greenhouse emissions was formulated.

Companies

Kansai International Airport

Kansai International Airport (KIX) is located on an artificial island in the middle of Osaka Bay, 24 miles southwest of Osaka Station. It is just off the Honshu shore, and serves as a hub for All Nippon Airways, Japan Airlines, and Nippon Cargo Airlines. It is colloquially known as *Kanku* in Japanese. KIX was opened in September of 1994 in order to relieve overcrowding at Osaka International Airport, which is closer to Osaka and now only handles domestic flights.

During the 2006 fiscal year, KIX had 116,475 aircraft movements, 16,689,658 passengers. Airport traffic has dipped since then, with only 14 million passengers flying in 2010. Despite lessened traffic, Kansai Airport has become an Asian hub, with 780 weekly flights to Asia, 59 weekly flights to Europe and the Middle East, and 80 weekly flights to North America.

Kansai International Airport was built to revitalize the Kansai Region. Osaka had been losing to economic and cultural ground to Japan for the last 90 years. Moving from within the crowded city, where the airport could not expand and received many complaints of noise pollution, allowed the airport to be open for 24 hours per day, unlike its predecessor.

Engineers had to work extremely hard to overcome the high risks of earthquakes and typhoons that accompanied building an artificial island, and thankfully, they succeeded. The airport emerged unscathed by the 1995 Kobe earthquake, and in 2001 was given the “Civil Engineering Monument of the Millennium” awarded by the American Society of Civil Engineers.

KIX cost, in total, approximately $20 billion to construct. In its initial years, the airport was deeply in debt, losing $560 million in interest every year. Airlines were kept away by the high landing fees, which are second most expensive in the world. Operating costs are also extremely high. Not to mention, in 2005, 2006, and 2007, three nearby airports were constructed/improved, giving KIX increased competition. The airport authority was allotted 4 billion yen in government support for fiscal year 2013, with desires to reduce the amount in stages through fiscal year 2015, despite protests of local governments in the Kansai region.

Kansai International Airport is often marketed as an alternative to Narita Airport in Tokyo. By flying from Haneda Airport to KIX and connecting to international flights there instead of in Tokyo, travelers can save the time required to get to Narita, which is up to one and a half hours for many residents of Kanagawa and southern Tokyo.

Sharp Electronics

Sharp Electronics found its beginnings on September 15, 1912, when Tokuji Hayakawa established a small metalworking shop in Matsui-cho, Honjo, Tokyo. But Sharp was not always the electronics powerhouse it is today; it all began when Tokuji reinvented the belt. He was upset by how loose belts were, and decided to devise a belt buckle that could be tightly fastened without requiring holes in the belt strap. He called this new buckle the Tokubijo, and was granted his first patent, at the young age of eighteen years old. When running his business, Tokuji was always focused on efficiency, and was never satisfied with just one success. Driven by the motto, "Take the initiative and you will win," Tokuji was one of the first in his industry to streamline production with machinery.

In 1915, Tokuji was contracted to create metal fittings for use in a mechanical pencil. But rather than just creating the fittings, Tokuji devoted hours redesigning and producing a more durable and aesthetically pleasing mechanical pencil. Thus was born the Hayakawa Mechanical Pencil. This pencil became the focus of the business, and was later renamed Sharp Pencils, because the mechanical pencils never needed to be sharpened.

Over many years, the company expanded and redesigned, becoming producers of home appliances and electronics. These changes came from Tokuji's innate drive to always improve and to always be more efficient. He was never satisfied, and thus the Sharp Company was always being improved. And even though Tokuji Hayakawa passed away in 1980, the company still seeks improvement. The company's philosophy is as follows:

> "We do not seek merely to expand our business volume. Rather we are dedicated to the use of our unique, innovative technology to contribute to the culture, benefits, and welfare of people throughout the world. It is the intention of our corporation to grow hand-in-hand with our employees, encouraging and aiding them to reach their full potential and improve their standard of living. Our future prosperity is directly linked to the prosperity of our customers, dealers, and shareholders … indeed, the entire Sharp family."

Sharp Corporation is dedicated to two principal ideals: Sincerity and Creativity. Sharp claims that by committing themselves to these ideals, they can drive genuine satisfaction from their work, while making a meaningful contribution to society. On the creed, Sharp says,

> "Sincerity is a virtue fundamental to humanity … always be sincere.
>
> Harmony brings strength … trust each other and work together.
>
> Politeness is a merit … always be courteous and respectful.
>
> Creativity promotes progress … remain constantly aware of the need to innovate and improve.
>
> Courage is the basis of a rewarding life … accept every challenge with a positive attitude."

Sharp produces a very large variety of products in all different divisions. Sharp does business in: digital information equipment, health and environment equipment, energy solutions, and business solutions, creating hundreds of different products, ranging from LCD color televisions, to refrigerators, to electronic cash registers. Sharp went from a one-man production in a small metal working shop to one of the largest companies in the world. According to Sharp, the company has capital stock valuing at 121,884 million yen, and had 2013 sales of 2,927,186 million yen. Sharp has expanded beyond Japan and has become a global company, with 50,213 employees spread worldwide.

Sharp is a publicly traded company, listed on the Tokyo Stock Exchange. Currently, Sharp has 1,701,214,887 shares issued out of the 2,500,000,000 authorized. Sharp has 193,066 shareholders as of September 30, 2014. Their fiscal year runs from April 1st to March 31st. At the end of the 2013 fiscal year, the stock price was at 314 yen. Sharp considers profit distribution to be a top priority of management. Sharp aims to return profits to its shareholders in a long-term perspective. The company policy is to pay two dividends annually. The Board of Directors makes the decision regarding the interim dividend payment, while the general meeting of shareholders decides the year-end dividend payment. But in FY2012 and FY2013, Sharp paid 0 dividends per share, and is not expected to as the 2014 fiscal year comes to a close either. As of March 4, 2015, Standard & Poor's gave Sharp a long-term credit rating of CCC+ and a short-term rating of C.

Sharp has taken some rather hard hits in the last few years, with the company's return on assets and return on equity dropping well below zero. 2013 was a very difficult year for the company, with return on equity dropping as low as -145.3%, return on assets reaching as low as -23.2%, and a net income of -545,347 million yen.

Sharp is well aware of its current financial state, but wants to assure shareholders of Sharp's work to fix the situation. President of Sharp, Kozo Takahashi, made the following statement to shareholders, “Taking the deteriorated financial performances seriously, we will work hard on a recovery with firm determination. Sharp Group is working hard to create innovative products and services that meet our customers’ needs and pursuing management improvement on a company-wide basis, in order to achieve “Recovery and Growth.” However, we forecast worsening profits due to delay in taking action for great-than-expected changes in business environment, such as rapid fluctuations in exchange rates and a price decline in small- and medium-size LCDs. To respond to such situation, we will take drastic cost-cutting measures, undertake a review of unprofitable businesses, and further streamline head office. In particular, we will implement fundamental structural reform in loss-making businesses, LCD TV business and Energy Solutions business, thus aiming for a recovery.”

1) Have you noticed a change in company dynamic and morale as Sharp’s position in the market has changed?
2) What do you think really sets your company apart from your competitors?
3) Do you foresee any major changes in the near future?

Toyota

Kiichiro Toyoda, based on the invention of the automatic loom in 1924 by his father, Sakichi Toyoda, founded Toyota Motor Corporation in 1937. Kiichiro became interested in automobiles and traveled to the United States and Europe to learn more about cars and their manufacturing systems. Intrigued by the invention of cars, Kiichiro began researching engines and gasoline. Hinode Motors, which was later renamed Aichi Toyoda, was started in 1935 and successfully produced the first Toyota car and truck. Toyota Motor Corporation, Ltd. began two years later, and the company took off.

In 1957, Toyota exported its first car to the United States, and Toyota Motor Sales, U.S.A., Inc. was established. Over the next five years, operations were also established in Brazil and Thailand. Not long after, exports to Europe began, and the company now has a great reputation among consumers. In the short seventy-five years of the company, it has grown to be one of the world's leading automobile industries, due to its efficiency.

Toyota's current mission statement is: "to attract and attain customers with high-valued products and services and the most satisfying ownership experience in America." Sakichi Toyoda had five main principles that were implemented into the work ethic in Toyota. They were to:

> "Always be faithful to your duties, thereby contributing to the company and to the overall good; always be studious and creative, striving to stay ahead of the times; always be practical and avoid

> frivolousness; always strive to build a homelike atmosphere at work that is warm and friendly; and always have respect for spiritual matters, and remember to be grateful at all times."

Toyota has chosen many slogans over the years. Its current slogan as of late 2012 is "Let's go places." This slogan replaced "Toyota. Moving forward." Other previous slogans are: "The best built cars in the world," "Get the feeling!" "Everyday," "Drive your dreams," "The car in front is a Toyota," " I love what you do for me, Toyota!" "Who could ask for anything more?" "Oh, what a feeling!" "You asked for it! You got it!" and "Your new experience of motoring."

Toyota's products have expanded since the founding in 1937. They now offer trucks, cars, SUVs, hybrids, and minivans. These have the option to add state of the art engines, technology, and tires.

The company is known for its highly efficient production system. The two practices of the Toyota Production System are kanban and jidoka. These concepts are explained in detail in Parts 4 and 5 in Section 1. Kanban is the Just-In-Time principle that a company produces only the number of goods to satisfy consumer wants. Jidoka is the idea that when a problem occurs in the manufacturing process, the entire process automatically stops in order to avoid the production of faulty products.

Toyota is not a company that is likely to go out of business anytime soon. Their sales were over two hundred billion dollars in 2014, and their net income was around sixteen billion dollars. The company sold almost seven million cars and increased their operating income and net income. These increases in income are due to favorable foreign exchange rates and cost reduction efforts. According to the Tokyo Stock Exchange, earnings per share increased to $575.30 in 2014 from $447.09 in 2013. At that time they had over 3,440,000 shares of stock.

Hatcho Miso

Hatcho Miso has been making some of the most revered miso in all of Japan for five centuries. Founded in Okazaki in the 15th century, Hatcho Miso began as the personal miso shop of the famous warlord and shogun, Ieyasu Tokugawa. Because of its concentrated nutrition and its ability to keep for years, miso became one of his troops' most important military rations. Even after conquering and unifying all of Japan and relocating his headquarters to Tokyo, Tokugawa continued to order miso from his hometown shop. Being officially endorsed by the Shogun gave Hatcho Miso the pre-eminence it still enjoys today. In 1892, Hatcho Miso even got the honor of becoming the purveyor to the emperor of Japan. Tourists go to the original Hatcho Miso shop in Okazaki just see the place where the emperor and shogun's miso is made.

Mitoku Company, Ltd., owns Hatcho Miso the leading exporter of high quality traditional Japanese natural and organic foods. Mitoku's motto is "Food is Medicine." This saying has been part of the Asian heritage of wisdom for thousands of years, and it is Mitoku Company's guiding principle. They are a leading producer of many traditional Japanese foods, such as miso, shoyu, green tea, shiitake and maitake mushrooms, kuzu, and umeboshi.

Hatcho Miso is set apart from other manufacturers by its high quality products. During World War Two, the Imperial Army, due to rationing, sent orders to reduce the quantity of soy used (and hence the quality) in the manufacture of miso. But Hatcho Miso refused and eventually won out in order to continue producing the best quality miso. Hatcho Miso claims, “It is this rigorous approach to the production of the highest quality miso that makes Hatcho Miso stand out in its class.”

Asahi Brewing Company

Suita-mura Brewery started to produce Asahi Beer in 1892 and became a part of Osaka Breweries, Ltd. in 1893, and four years later the first Asahi House beer hall was established. Osaka Breweries, Ltd. was split up into two brewery corporations in lieu of the Economic Decentralization Act; one of these was Asahi Brewery, Ltd., founded in 1949. Japan's first canned beer was produced by Asahi nine years later, and, in 1977, Asahi produced Japan's first keg. As Asahi expanded, it created business agreements with other countries including Germany and the United Kingdom. The company also owns a soft drink segment, Asahi Soft Drinks Co., Ltd. It began to buy shares of and make agreements with Chinese brewing companies. In 1998, Asahi became the leader in sales of beer in Japan.

Asahi Brewery's corporate statement is "the Asahi Group aims to satisfy its customers with the highest levels of quality and integrity, while contributing to the promotion of healthy living and the enrichment of society worldwide." The company's corporate brand statement is "Share the Kando." Kando is described as an emotion that is "extremely satisfying, beyond one's expectations, or touching and moving." The statement continues with:

> "Always creating new value moves people's hearts and forms a strong bond. Always imagining a fresh tomorrow moves people's hearts and helps them shine. Sharing these emotional experiences with as many people as possible – this is the mission of the Asahi Group."

The Asahi Brewery offers a large variety of different products. As far as alcohol is concerned, the company sells dry beer, low malt beer, new genre, shochu, low calorie drinks, wine, and whiskey. In the soft drink business, coffee, carbonated beverages, tea-based drinks, water, fruit drinks, vegetable drinks, and chilled beverages are produced. Asahi even owns a food sector of the company. This includes confectioneries, pharmaceuticals, supplements, baby products, and freeze-dried foods.

Throughout Asahi's history, it continued to expand, make agreements, and take over other companies. It added food and soft drink sectors in its business. Its net sales in 2013 were over sixteen million dollars, which was an increase from 2011 and 2012. The largest percentage increases in sales from 2012 to 2013 were in soft drinks and overseas sales. Net income increased by eight percent, and earnings per share increased by ten percent. The company's stock price has continually increased over the past year from 2,800 yen to approximately 3,700 yen.

Mitsui Engineering and Shipbuilding (MES)

"Since its establishment in 1917, Mitsui Engineering & Shipbuilding (MES) has provided trusted products and plants for the society. MES has 3 main business segments, which are Ship & Ocean, Machinery & Systems, and Engineering. Machinery & Systems segment mainly provides marine diesel engines and cranes. Engineering segment provides EPC (Engineering, Procurement, and Construction) service to construct petrochemical and environmental plant.

MES has put efforts on the mid-term business plan 2011 starting from FY2011 to FY2013. Although FY2013 has not yet ended, MES set up a new mid-term business plan (new plan) starting from FY2014 to FY2016 to respond to the substantial change in the business environment and started the new plan from the FY2013.

In the new plan, MES is aiming to accomplish a balanced business portfolio that combines continuous growth with stable earnings. MES will work to innovate the business areas in order to establish a foundation for continuous growth, and to innovate the business models for stable earnings. In this way, MES will make efforts to reform the business structure. Regarding business area innovation, MES is aiming for globalization and to expand the business in the growing markets of marine development and environmental energy, as well as qualitative shifts in the existing core businesses.

Regarding business structure innovation, MES will not only sell the product, but also expand after service and related service business and also take part in other business to create new business model. To that end, MES will make efforts related to the following three points as the pillars the new plan.

1. Innovation of the manufacturing business
    - Re-constructing the domestic development and production structure
    - Establishing a global business structure
    - Growing and expanding the key component business
2. Expansion of the engineering business
    - Strengthening competitive power in the core EPC field
    - Expanding EPC business in the environmental energy field
    - Strengthening Group cooperation and global operation structure
3. Expansion of the business engagement and related service business
    - Strengthening related services of the manufacturing business
    - Strengthening upstream and downstream services of EPC business

MES will celebrate its 100th anniversary in 2017. To that end, the catch phrase of the new plan is, “Creating prosperity for our next 100 years.” MES and all the employees will innovate the business structure through the new plan, and will accomplish the company philosophy of, “To continue our role as trusted manufacturer, and trusted member of society.”

Takata Orimono

Takata Orimono is a textile weaving company that began producing Tatami-Beri, a very highly valued fabric used for tatami mats, in 1900. In 1924, Matsui Behei presented a way to produce Muji-Beri, which is solid fabric made out of cotton. This cotton fabric was used in producing Tatami-Beri until 1962 when Takato Orimono manufactured Mon-Beri, a fabric made of cotton and polyethylene yarn, for the first time. This production allowed Mon-Beri to be used in the production of tatami mats.

Takata Orimono was the first weaving company that was able to change from the shuttle loom to the needle loom in 1977. The company still uses needle looms, but they are now more advanced featuring high speeds and electronics. It has earned ISO 9001 and ISO 14001 certifications.

Takata Orimono manufactures Tatami-Beri, but the company also produces other items. This material is used in the production of tatami mats, coin cases, card cases, belts, pen cases, gama guchis, and mini tatamis.

The company plans to continue to grow due to the demand for tatami mats in Japan. Takata Orimono produces the most Tatami-Beri in Japan, and it holds 35% of Japan’s Tatami-Beri market share.

Japanese School Uniforms

Japanese school uniforms are prevalent in many public and private school systems. Modeled on European-style naval uniforms, they were first used in Japan in the late 19th century. An official from Tombow Company, a predominant manufacturer of the sailor fuku (the sailor outfits), said that the Japanese took the idea from scaled down sailor suits worn by children of royal European families. But rather than being seen as navy gear, the official says they were most likely seen as adorable Western-style children's outfits. This particular type of outfit was adopted in Japan because they were easy to sew.

In the 1980s, *sukeban* gangs began to modify uniforms by making skirts longer and shortening the tops, and so schools began switching to blazer style uniforms to try to combat the effect. As of 2012, 50% of Japanese junior high schools and 20% of senior high schools use sailor suit uniforms. The *Asahi Shimbun* stated in 2012 that,

> "The sailor suit is changing from adorable and cute, a look that 'appeals to the boys,' to a uniform that 'girls like to wear for themselves. As of that year, contemporary sailor suits have front closures with zippers or snaps and more constructed bodices. The form is snug to enhance the figure—the small collar helps the head look smaller, for better balance".

In current days, Japanese boys typically wear a military style uniform and Japanese girls typically wear a sailor outfit. Uniforms can have a nostalgic characteristic for former students, and are often associated with relatively carefree youth.

Daiwa Steel

Nakarama Welded Steel & Pipe Manufacturing Co. was founded in 1932 by Tomeichi Nakarama in Osaka, when the company started by manufacturing and selling steel tubing. Eight years later in 1944, the name was changed to Daiwa Steel Tube Industries Co., Ltd., and thus began one of the strongest steel-producing companies in the world. The "Daiwa Z Process," an automatic manufacturing system, was patented in 1973, and the company began to sell post zinc. A second "Daiwa Z Process" was installed in the plant four years later. Another manufacturing facility was opened in Kanto to spread the company's influence to eastern Japan. More recently, the corporation has received many certifications and has made new products. In 2011, Daiwa established a Tokyo sales office.

The corporation's work objective is as follows: "Our challenge continues to connect our desires of "one" to our user's desires of "ONE" to form a "one to ONE"." This is achieved through cooperation of the different areas within the workplace.

> "Communications – connecting all partners from manufacturing and sales, to customers. Teamwork – shifting from a "can't do" attitude to a "let's try" attitude. Empowerment – placing the right people in the right jobs. Partnership – providing superior value to our clients."

These work objectives help Daiwa Steel create the kind of workplace environment they believe will promote efficiency and will attract consumers.

They want to shift the idea of manufacturing to the idea of creating value. Their work objectives are the inspiration for the slogan "one to ONE."

Daiwa Steel produces steel tubes that are used in construction, agriculture, scaffolding, forestry, fisheries, and manufacturing applications. The different kinds of tubes produced by Daiwa are high-tensile carbon steel tubes, carbon steel tubes used for generic structural purposes and machine structural purposes, and carbon steel square and rectangle tubes for general structural purposes.

The manufacturing process of Daiwa has three main parts. The first is the general processing, which is the process of making the tubes how they are needed for a job. This includes drilling holes and shaping the steel. The next process is the coating process. Tubes can be painted to give them color, or they can be ground boundary coated, which will give the tubes more durability and a longer life. The last process is marking. This involves stenciling company names and adding pitch marks to increase efficiency among the company.

The operating revenue of the company dramatically went down in FY2010. This loss totaled over one billion dollars. Since then the operating income has slowly increased each year and surpassed the operating income of FY 2009 in FY2013. When the sales decreased in FY2010, they had two years of net loss. Since then they have fully recovered, and they have even increased their net assets. Although they had to decrease their cash dividends in FY2010 and FY2011, they did not have to decrease them to zero. In FY2012, cash dividends were fifteen dollars, and in FY2013, the company more than doubled their cash dividends to thirty-four dollars. Needless to say, the company is back on their feet and doing better than ever.

U.S. Embassy in Tokyo

The United States established its first legation in Tokyo in 1859. Since then, the Embassy has worked to provide assistance to American citizens who live in Japan and issues visas to foreign nationals, who are Japanese and legal residents in Japan, who wish to visit or immigrate to the United States. The Embassy is the main hub of all communication, negotiation, and teamwork between the United States and Japan. The American Center Japan and other American Centers around Japan conduct programs, which focus on a wide range of themes important to the U.S.-Japan bilateral relationship. The American Centers also organize events, from small group discussions to large seminars, to enhance Japanese understanding of U.S. government policies and American society.

Economically, the Embassy and its Ambassadors promote cooperation between the United States and Japan to build greater economic prosperity, promote environmental sustainability, and strengthen international economic security. According to the Embassy, the economic section's specific responsibilities include:

1) Working to identify and remove regulatory, competition policy, and other market access problems facing U.S. companies in Japan,

2) Endeavoring to remove barriers and improve the climate for investors, and

3) Conducting extensive outreach to Japanese policymakers, private sector leaders, academics, and others to strengthen economic relationships bilaterally, in the region, and worldwide.

Within the Economic section is housed the Trade and Economic Policy Unit, which manages trade issues and policy advocacy. Some areas of focus include: service industries (insurance, maritime, civil aviation, and distribution), basic industry (autos and parts, glass, paper), government procurement, high technology industries (computers, supercomputers, semiconductors, satellites), and intellectual property issues. The Unit works with Japanese officials, business people, and others on global and regional trade matters. The Unit also handles structural issues, including deregulation, health care, administrative reform, and competition policy. It is responsible for covering Japan's role in multilateral organizations such as the Organization of Economic Cooperation and Development (OECD), the World Trade Organization (WTO), and the Asia-Pacific Economic Cooperation (APEC). In addition, the Unit works with Japanese officials and stakeholders on global economic challenges, ranging from energy policy to promoting sustainable economic development.

Hitachi

Hitachi, Ltd. was founded in 1910 with the name Kabushiki Kaisha Hitachi Seisakusho. The company successfully produced a five-horsepower motor. Also in the early years of the company, transformers, ammeters, voltmeters, water turbines, and fans were produced. In 1932, the company began the process of making elevators. Around this time, workers finished making an electric refrigerator. In the company's first fifty years, it had expanded and learned how to make a variety of products.

The company continued to seek innovation. In 1961, the company made the first automatic washing machine. Soon after they developed cars for bullet trains in Japan. A worldwide invention Hitachi created was the first electron microscope in 1978. Over time the company expanded into Europe and China.

Hitachi has a credo that is followed by employees and employers. It is:

> "To further elevate its founding concepts of harmony, sincerity and pioneering spirit, to instill a resolute pride in being a member of Hitachi, and thereby to contribute to society through the development of superior, original technology and products."

Hitachi also recognizes its corporation as a member of Japanese society, so they endeavor to be a good citizen by fairly and openly dealing with business matters, promoting harmony and peace in the environment, and participating in events that help achieve social progress. The company's slogan is "Inspire the Next."

Hitachi is involved in producing a wide variety of goods. In power systems, the company has its own nuclear power plants and transmission and distribution systems. They specialize in transportation including bullet trains, elevators, and escalators. In construction machinery, they produce excavators, wheel loaders, and dump trucks. They also produce home appliances and digital presentations. Another sector is electronic services and equipment, which ranges from power tools to medical imaging systems.

Over the past four years, Hitachi has gradually increased both sales and net income. The return on equity was at 11.8% in 2014, and the return on assets was 2.4%. These look to be close to the average of these efficiency indicators in the past ten years. The company has issued 4,833,463,387 of its ten billion shares and has over 345,000 shareholders. Foreign investors hold almost half of Hitachi's stock. Although the financial history of the company proves to be a little unpredictable, it is likely that Hitachi will continue to thrive.

Wal-Mart & Seiyu

In 2005, Walmart acquired Seiyu, one of the largest supermarket chains in Japan, established in 1963. In 2002, Walmart acquired a 6.1% stake in Seiyu. In 2005, Walmart acquired a majority interest, making Seiyu a Walmart subsidiary. Walmart proceeded with additional steps to acquire all of the remaining shares, which resulted in the delisting of Seiyu shares from the Tokyo Stock Exchange in 2008. Later that year, Seiyu became a wholly owned subsidiary of Walmart.

Since being acquired by Walmart, Seiyu has adopted the company mission of "saving people money so they can live better." Seiyu has a store network that covers a wide range of areas, from Hokkaido to Kyushu in Japan, selling groceries, clothing, and housing supplies. "Price", "freshness and quality", and "assortment", are four values Seiyu strives to provide for customers. While fully utilizing the global network and creditworthiness of Wal-Mart Stores, Inc., the parent company, Seiyu, meets Japanese customer tastes and actively expands its policy to match what's on the sales floor to the needs of customers. In addition, from the sustainability point of view, Seiyu is working in conjunction with Walmart Stores Inc. to response to environmental issues, even in areas such as ensuring the safety of products.

Wal-Mart has a campaign of social responsibility in Japan. Since 2009, they have partnered with Second Harvest Japan, the oldest food bank NGO in the country, to donate food from stores to local welfare facilities. In 2012, by utilizing backhaul, they expanded their activities to 38 of their stores in the Kanto area, and plans are in place to expand participation to 150 stores across the area by 2016. In 2011, Walmart provided a grant to Florence, a nonprofit organization that supports parents who are pursuing professional careers while raising children. That grant contributed to a two-year program that provides single parents in poverty with childcare service when their children become ill. In July 2012, they also started a store fundraising campaign, and their customers have been supporting further expansion of this childcare service program.

In addition to the social responsibility campaign, Walmart Japan also is taking steps in environmental responsibility. Walmart Japan continues to reduce potentially harmful greenhouse gases (GHG) associated with their environmental footprint. To date, they've introduced LED lighting in 359 stores, distribution centers and packaging centers. That, along with their investments in refrigeration and air conditioning system efficiency, and the introduction of EMS to all stores in 2011, has contributed to their improved facilities. Through the Hummingbird Campaign, which ran from 2007 to July 2012, Walmart encouraged customers to shop with reusable shopping bags. As a result, more than 50% of customers made the transition. Building on this accomplishment, Walmart Japan started charging for plastic bags in July 2012 to further accelerate plastic bag reduction. Now, more than 70% of customers use reusable shopping bags. Walmart Japan has had a hand in the direct sourcing of produce for four decades and built long-term relationships with farmers. In 2012, they increased the number of farmers we source directly from to 13,690, up by 128 in 2011. Their direct-sourced produce accounts for about 35% of total produce sales across Walmart Japan, and they continue to forge new partnerships every year.

And lastly, Walmart Japan accepts corporate responsibility. Approximately 70% of Walmart Japan associates are female, which is in line with their female customer base. With that in mind, they launched their Female Leadership Program to encourage their female associates to pursue career development opportunities in the company. Since 2010, 242 associates have participated in the Female Leadership Program, and a number of participants have gone on to take leadership roles. Walmart Japan also supports part-time to management initiatives. Across Japan, it's generally difficult for part-time workers to grow their professional careers. Walmart Japan, however, offers unique opportunities of career development for all associates who are innovative, enthusiastic and committed to better serving customers. In fact, since 2006, 249 male and female associates who began part-time have been promoted into management positions. In 2012, 66 associates, 38 of them women, were promoted to assistant manager.

Kodo – Taiko Drum Group

Kodo is a performing arts group that explores the use of the traditional Japanese drum, the taiko. The group debuted at the Berlin Festival in 1981, and since then has given over 3700 performances on 5 continents.

In Japanese the word "Kodo" conveys two meanings: Firstly, "heartbeat" the primal source of all rhythm. Many say that the sound of the taiko resembles the sound of a mother's heartbeat as felt in the womb. Secondly, read in a different way, the word can mean "children of the drum," a reflection of Kodo's desire to play the drums simply, with the heart of a child.

Kodo claims to strive to both "preserve and re-interpret traditional Japanese performing arts." The group functions under the theme 'One Earth.' Kodo members travel all over the globe, not only sharing the sound of the taiko with myriad cultures and ways of life, but then bringing a new cultural perspective to the traditional instrument back to Japan.

Sado Island has been the home of the drum group since 1971. According to Kodo,

> "With nature's warm embrace evident in each of her four seasons, Sado is an extraordinary place where traditional ways of life and the island's inherent performing arts still thrive today. This island is the foundation of our inspiration and the guiding force behind our creative lifestyle. Our goal is to find a harmonious balance between people and the natural world. Each

> time we venture off the island we encounter new people, customs, and traditional performing arts that are ingrained in the lifestyles of each locale. Both similarities and differences prompt us to take pause and reflect upon the importance of the varied and rich cultures that color our world. These life lessons permeate our very skin and become an invisible source of our expression. It is through this process of Living, Learning, and Creating that we cultivate a unique aesthetic and sensitivity, reaching out toward a new world culture rooted in the rich possibilities of a peaceful coexistence between humanity and nature.

The group functions in what is called "Kodo Village." The village is home to a main office building, rehearsal hall, residential building, guesthouse, workshop, recording studio, and 60 Kodo members.

Cultural Sites

Hanshin Tigers Baseball

The Hanshin Tigers Baseball team is the premiere team for the Kansai Region, named for the team's owner, the Hanshin Railway Company. Located in Osaka, the Tigers are the long-time rivals to Tokyo's Yomiuri Giants, as both teams have been playing since 1936. As with politics, economics, and culture, Tokyo typically prevails at the ballpark as well. The Hanshin Tigers have maintained the second-best franchise record in the Central League; however, the Tokyo Giants are in first by a large margin, considering numbers of pennants and Japan Series Championships won.

The Hanshin Tigers draw a lot of fans to their games, homed in the Koshien Stadium seating 55,000 fans. The stadium, built in 1924, features natural grass with an all-dirt infield and visible bullpens. Koshien is known to be a "must-see" for its history and its ivy-covered exterior, but as for visibility during games; Koshien leaves much to be desired. Because of a large foul territory, high chain-link fences, and many posts throughout the stadium, it can be difficult to get a good view of a game. While maybe lacking in functionality, Koshien Stadium has the best old-fashioned baseball atmosphere in Japan, with its aging concrete and steel foundations.

Tigers fans are known for their passion. When Hanshin finally won their first Japan Series, after waiting nearly 50 years, Osaka residents went wild; people shaved the team logo into their hair, dived into polluted canals, and hijacked trains. But in less successful times, Hanshin fans have been known to approach and assault opposing players outside the ballpark, and to throw batteries and pachinko balls inside.

Despite typically being guaranteed disappointment, Hanshin fans show arguably the most enthusiasm out of any Japanese fans. Decked out in the team colors of yellow and black, fans are loyal and excited to the end.

Bonsai Trees

Bonsai trees are potted miniature trees, purposefully styled to create an aesthetic effect. The concept of Bonsai trees was not developed in Japan, but rather was imported into Japan from China over one thousand years ago. Since entering the country, the art form of bonsai trees has adapted and developed in Japan.

Many people strive to keep the trees small but accurate in proportion to how the trees might have looked if grown in nature. Techniques used on bonsai trees include trimming of roots and wiring. Condensing the appearance of a natural tree into a small pot leaves a lot of room for artistic imagination.

The actual types of trees used for bonsai trees vary. The matsu trees have needled leaves, like pine trees. The momiji trees have broader leaves, like maple trees. The sakura trees have flowers, like cherry trees. The karin trees have fruits, like the quince trees.

Bonsai trees are not always perfect; some purposefully feature white colored, dead parts without bark in order to represent the struggle of a tree in nature. A partially dead trunk is called a shari, while a partially dead branch is called a jin.

There are multiple styles of bonsai trees, the most common types being formal and informal straight, slant, cascade, forest and multi-trunk, and rock.

One of the best places in Japan to see bonsai is the Omiya Bonsai Village in Saitama, which is just north of Tokyo. The village is a collection of bonsai nurseries, which relocated from Tokyo to Saitama after the Great Kanto Earthquake of 1923. But you don't just have to go to bonsai nurseries to see the beautiful artwork; often, single bonsai plants are displayed in Japanese gardens or in the alcoves of Japanese rooms.

Tori Gate

Torii gates are traditional Japanese gates found at the entrance of or within a Shinto shrine. It marks the transition from the profane to the sacred. It divides our world with the spirit world. A Shinto shrine is a place of worship and the dwelling of the kami or the Shinto "god". The function of the torii gate is to mark the entrance to a sacred space. The road leading to the Shinto shrine will be marked with a gate and each level farther in to the shrine will also be marked with another gate as the space increases in the level of holiness as you near the inner sanctuary or the core of the shrine. Many times the outer gates will be made of wood and the inner gates made of stone. Torii gates are usually found in front of the tombs of the Japanese Imperial family emperors as well as at Japanese Buddhist temples marking the shrine within the temple grounds.

The gates come in various colors and are made of various materials including reinforced concrete, copper and stainless steel. Most traditional torii gates are made of wood or stone and many of the wooden ones are painted a red-orange and black. Red-orange (vermillion) is regarded as the color of blood and thus the color of life. It is referred to as "Chinese red" and is used to paint temples, torii gates, lacquerware, calligraphy ink etc. Vermillion is associated with eternity in the Japanese culture.

The Fushimi Inari Shrine in southern Hyoto is famous for it thousands of vermillion torii gates. The gates straddle a network of trails leading into the forest of the sacred Mount Inari behind the main buildings of the shrine. Inari is the Shinto god of rice. The Senbon Torii (thousands of torii gates) are donated by individuals and companies with a price of anywhere from 400,000 yen for a small gate to over 1,000,000 yen for a large gate. People donate torii gates as a way of thanking the kami (spirits) for their success.

Another famous torii gate is at the entrance to the Itsukushima Shrine on Miyajima Island. The shrine and torii gate are built over the water so is seems as those both are floating in the sea during high tide. It is most picturesque at high tide but if you want to walk to the gate you can plan your visit at low tide and walk out to the gate.

Temple Guard Dogs

Temple guard dogs are statues often found on each side of the entrance or at the inner shrine of many Japanese Shinto shrines. They are called komainu and could also be a statue of a lion or a lion-like creature. Komainu are meant to ward off evil spirits. The statues are almost identical but one will have an open mouth and the other one a closed mouth. It is believed the open mouth statue is pronouncing the first letter of the sanskrit alphabet, which is pronounced "a" while the closed one is uttering the last letter of the alphabet "um". This represents the beginning and the end of all things. Together they form the sound "aum" which is a sacred syllable in several religions.

Komainu originated from the tang dynasty China and started as guard lions. Lions were believed to be the strongest animal in the world and a king would have great power if he acquired the lion's power. The lion was also seen as a sacred animal. In the beginning they were usually carved of wood and used strictly indoors. The pairs of statues were used as weights, doorstops and as supports to screens etc. In about the 14th century they began being used at the entrance to shrines and temples, as they were believed to have the power to repel evil. The statues began to be carved out of stone to protect them from exposure to Japan's rainy environment. The oldest shrine dogs are in Kyoto at the Yasui Kompira Shrine and were made in 1767.

Over the years many other animals have been used as guard statues including wild boars, tigers, dragons and foxes. The fox is the most common variant of the komainu. There are about 30,000 Inari shrines in Japan and each shrine is protected by a pair of fox statues at the entrance of the shrine. The fox is considered the messenger of the kami (spirit) Inari. The left fox statue is believed to be male and the right one is female.

Origami

Origami is the art of paper folding. It comes from the words “ori” meaning folding, and “kami” meaning paper. It is often associated with Japanese culture and origami has become a term that includes all paper folding practices regardless of the origin. The practice of origami takes a flat piece of paper and through folding techniques creates a sculpture. Traditional origami discourages the use of glue, cutting or markings on the paper. A basic number of folds of a piece of paper can be combined to make an intricate design. The most common origami shape is the Japanese paper crane.

Origami had some of its earliest beginnings in 1680 in the form of noshi, which were attached to gifts. Noshi was a piece of white paper folded with a piece of dried abalone or meat attached to it and was considered a token of good fortune. It would be similar to our present day greeting card. Origami became a form of entertainment and 2 instructional books were printed.

Two people leading the way in the art of modern origami were Akira Yoshizawa and Kosho Uchiyama. These two were responsible for several new techniques and innovations in the art of origami and a new inspiration took place in the art form. During the 1980‘s there was a rapid increase in the complexity of origami.

Basic origami techniques are called pleats, reverse folds, squash folds and sinks. There are also standard bases called the square base, fish base and waterbomb base. The only requirement of the paper used in origami is that it should hold a crease. Origami paper is referred to as “kami”, which is Japanese for paper. The traditional origami paper used in Japan is called “washi”. Washi is generally tougher than original paper made from wood pulp and is made from fibers from the bark of the gampi tree, the paper mulberry and even the bamboo. Paper money is also popular to use to create origami. Some tools can be used to create origami sculptures such as a bone folder, paper clips, a tweezer, a ruler and even an embosser. Some purists believe no tools should be used. There are several websites available today to teach the art of origami paper folding. A number of technological advances have even come about from insights obtained through the art of origami paper folding. Techniques for the deployment of car airbags and stent implants have been developed due to origami techniques.

Koshien Stadium

Koshien Stadium is a baseball park located in Nishinomiya City in Hyogo Prefecture, Japan. The stadium was built in 1924 and was the largest stadium in Asia at that time with a capacity of 55,000. In 1995 the Great Hanshin earthquake affected Koshien. Cracks appeared and part of the stands collapsed. Plans were made in 2004 to upgrade and improve the stadium and in 2008 construction began and was complete in 2010. Seating capacity was reduced to about 48,000 to help make the stadium barrier free. One of the iconic symbols of the stadium is the ivy-covered outfield just like Wrigley Field. This was to stay intact as much as possible when the updates were done to the stadium. Upon arriving at Koshien Stadium the first thing you see is a gigantic Asahi beer can – a symbol of the festivities to come.

Koshien Stadium is the home of the Hanshin Tigers, the nation's second most popular professional team, behind the Tokyo Yomiuri Giants. One of the traditions of the Hanshin Tiger fans is to purchase a balloon at the shops outside the stadium and at the 7th inning everyone blows up their balloons and lets them off into the air all at once. 90% of the crowd attending are usually Hanshin Tiger fans!

Every year in August the Hanshin Tigers pack their bags for 3 weeks and go on the road to allow a home field advantage for high school baseball. Koshien Stadium becomes the host of the National High School Baseball Championships, also known as "Summer Koshien". A smaller National High School Baseball

Invitational Tournament is held in the spring known as “Spring Koshien”. Both of these tournaments are organized by the Japan High School Baseball Federation along with two of the nation’s major newspapers, the Mainichi Shimbun (Spring Koshien) and Asahi Shimbun (Summer Koshien). These tournaments are very popular and are similar to the NCAA March Madness in the U.S. They are equal to or greater than that of professional baseball. Qualifying games are televised locally and the final games are televised nationally. The star players of the championship team reach celebrity status, are valued in Japan by future employers and for many it is the door to playing at the professional level. Any athlete who makes it to the Koshien field usually carries a memento home with them – sacred dirt from the Koshien Stadium field.

The Shinkansen – The Bullet Train

Japan's high speed trains, (bullet trains) are called the shinkansen and are operated by Japan Railways. It is a network of high-speed trains connecting Tokyo with most of the country's major cities. The shinkansen can run at a speed up to 320 km/h (200 mph). It is know for its punctuality, comfort, safety and efficiency. It can also be a very cost effective way of travel.

If traveling to Japan one should consider purchasing a JR Pass. A Japan Rail Pass can be used by foreign tourists only and offers unlimited use of JR trains for one, two or three consecutive weeks. A Japan Rail Pass must be purchased online or through a travel agent before your arrival to Japan because it is not available for sale inside Japan. A pass comes in two types: an ordinary car or the green car. The green car is a first class car offering more spacious seating and more foot room as well as fewer travelers on board. Many travelers do find though that the size and comfort of an ordinary seat is sufficient. If you wish to have additional luxury though, go for the green car. A green car would be comparable to business class on airplanes.

A 7 consecutive days ticket currently ranges in price from approximately $250.00 for an ordinary car to $325.00 for a green car. The JR Pass can be used not only on the Japan Railways trains but also on the local JR bus system as well. Urban transportation alone will not justify the cost of a Japan Rail Pass. A pass will pay off though if some long distance travel is involved. The validity of a JR Pass is based on calendar days rather than 24 hour time periods. If you start using a 7-day pass at noon on day 1, it will expire at midnight at the end of day 7 not at noon of day 8. A JR Pass cannot be shared or transferred to anyone other than the name on the pass. A rail pass holder cannot use the automatic ticket gate. They will need to present their pass to the staff. At times, pass holders may be asked to show their passports to the railway staff. Seat reservations are recommended but not mandatory. Green car seats are reserved. All seats are numbered and lettered in the same style as on airplanes. Seats can be turned to allow a group of 4 or 6 seats facing each other. All shinkansen trains are equipped with toilets and most have small food carts or vending machines with drinks and pay phones. Smoking is not allowed on shinkansen trains and each traveler is allowed up to 2 pieces of luggage.

The Japanese Flag

The Japanese flag is a white banner with a red circle in the center. This circle represents the sun. More specifically it represents the sun goddess "Amerterasu", the founder of Japan and the ancestor of its emperors. According to tradition, the sun goddess Amaterasu founded Japan about 2700 years ago. Amerterasu is believed to be the ancestor of Jimmu, the first emperor of Japan. So the emperor is known as the "Son of the Sun" and Japan is called the "Land of the Rising Sun". The red circle symbolizes a bright future for Japan. The white background represents the honesty, integrity and purity of the Japanese people.

The national flag of Japan is officially called Nisshoki, which means "sun-mark flag". It is commonly called Hinomaru, which means "circle of the sun" or "sun disk". In English it is sometimes called the "rising sun". The flag has been used for over a thousand years and no one knows who designed it or when it was designed. It was officially adopted as the flag of Imperial Japan on January 27, 1870.

Before WWII homes were required to display Hinomaru motif on national holidays. Since the war, the display of the Japanese flag has been limited to buildings associated with national or local government such as city halls. It is rarely seen at private homes or on commercial buildings anymore. Some residents will display the flag but they are no longer legally required to do so. There are very mixed emotions about the Japanese flag and the anthem. The Japanese Communist Party is vocally against the flag. In Singapore, the older generation is still holds ill feelings against the flag whereas the younger generation does not. The Tokyo Board of Education states that schoolteachers must show respect to both the national anthem and the flag or risk losing their jobs. They are told they have an obligation to teach their students how to be good Japanese citizens since schools are government agencies. It is believed that if the students cannot respect their own symbols, they will not be able to respect the symbols of other nations. The teachers protest by not displaying the flag at graduation or by ripping down the flag. Japan does not have a law criminalizing the burning of the Hinomaru, but foreign flags cannot be burned in Japan. If a flag becomes unsuitable to use it is customarily burned in private.

Kyoto

Kyoto is an ancient city with a 1200-year history and is thus considered "old" Japan. It was Japan's capital and the Emperor's residence from 794 until 1868 when the emperor moved to present day Tokyo. Kyoto has been ravaged by many earthquakes, wars and fires over the centuries but has survived. The U.S. considered Kyoto as a main target for the atomic bomb due to it being a strong intellectual center and the population could be "better able to appreciate the significance of the weapon" but in the end Henry L. Stimson, Secretary of War under Roosevelt and Truman insisted it be removed from the list. Kyoto was replaced with Nagasaki. As a result many temples, shrines and priceless historic structures still remain standing in the city today. It is home to over 1,000 Buddhist temples.

Current day Kyoto is now Japan's 8th largest city and has a population of approximately 1.4 million people. The population of Kyoto is declining and the city may soon drop in population ranking. Kyoto sits in a valley of 3 mountain ranges, sits just over 3,000 feet above sea level and covers just over 300 square miles. As a result of being located in the Yamashiro Basin, Kyoto has a humid subtropical climate with hot humid summers and cold winters with snowfall. The rainy season continues from mid June to the end of July. Kyoto is prone to typhoons during the months of September and October.

Kyoto is home to 37 institutions of higher education and is considered one of the academic centers of Japan. It is home to Kyoto University, which had been ranked as the top 25th university in the world a few years ago. Kyoto ranks right behind the University of Tokyo in national rankings. Stanford University operates a "Japan Center" in Kyoto and several other American universities offer an academic program for undergrads wishing to do advanced work in cultural studies and the Japanese language. Boston Massachusetts is a sister city to Kyoto.

Key industries in Kyoto include tourism, information technology and electronics including the headquarters of Nintendo, and also traditional Japanese crafts. Kimono weavers are renowned in Kyoto and the city remains one of the premier manufacturing centers of the kimono industry. Sake brewing is also one of Kyoto's traditional industries.

Kinkakuji

Kinkakuji commonly known as the Golden Pavilion Temple is a beautiful Zen Buddhist temple in Kyoto Japan. Kinkakuji was built in 1393 as a retirement village for Shogun Yoshimitsu Ashikaga. The shogun lived here in luxury while the people of Kyoto were dying from famine, earthquakes and plague. During this period of time as many as 1,000 people died daily. He had plans to cover the entire exterior with gold but was only able to coat the ceiling of the third floor before his death in 1409. After the death of Shogun Yoshimitsu Ashikaga and several fires over the years the present day structure dates back to 1955 when the temple was rebuilt to the original plan but this time covering both upper stories in gold leaf, as was Ashikaga's original intention. In 1987 the temple was re-covered in gold leaf 5 times thicker than the original coating. It is one of the most beautiful sights in Kyota.

The Golden Pavilion sits partially over the pond and is reflected in the calm waters. It suggests a position between heaven and earth. The wooden pavilion has 3 stories, 2 of which are covered in gold and the building can actually be difficult to look at without sunglasses on a sunny day! On the top of the temple is a golden phoenix. The Kinkakuji is highly valuable because it is a "shariden" which is a structure that houses relics of the Buddha (Buddha's ashes). Visitors are not allowed inside the temple, just on the surrounding grounds.

One of the best times to visit the Kinkakuji is during the cherry blossom season when the grounds are ablaze with color! Another site to consider visiting is the Silver Pavilion, which was built by Yoshimitsu's grandson several decades later on the other side of the city.

Ryoanji

The Ryoanji Temple is the site of Japan's most famous rock garden. The temple was built in 1450 by Hosokawa Katsumoto, who was the deputy to the Ashikaga shogun. 2 decades later it was burnt down in the Onin War but Katsumoto's son Massamoto rebuilt it. It is believed the rock garden was created in 1499. The tombs of Katsumoto, his wife, his son Masamoto and others stand by that of the founder, Priest Giten. It is not known who built the garden and that remains a mystery yet to this day.

An earthen wall surrounds the garden on 3 sides and is called the "oil earth wall". It is made of loam mixed with rapeseed oil so as to protect if from the glare of the gardens' white sand. The garden appears to be perfectly level when in actuality it tilts down to the southeast corner, as does the wall. This creates a beautiful sense of illusion giving the garden a sense of depth and perspective.

15 rocks are arranged within the space of about 270 yards. Some say the stones look like a tiger carrying her cubs across the water. Others say islands in the ocean and still other say it looks like mountain peaks in a sea of clouds. Some also say the clusters symbolize the five Chinese mounts or the official Zen monasteries. Regardless, the interpretation of the space is up to the eye of the beholder and there is no way to know what the designer's intent was.

The Ryoanji met the qualifications of the UNESCO (United Nations Educational, Scientific and Cultural Organization) list of cultural sites that have significant and outstanding universal value. The sight is also registered on the

Ancient Kyoto Cultural Assets group meaning this property will be preserved and utilized as the heritage of the Japanese people.

Todaiji

Todaiji is known as the "Great Eastern Temple" and is located in the city of Nara. Nara was Japan's first permanent capital until the powerful Buddhist monasteries grew to become a threat to the government. The capital was then moved to Nagoaka in 784. Todaiji was considered the head temple of all the Buddhist temples in Japan.

The main hall of Todaiji, the Daibutsuden (Bid Buddha Hall) is the world's largest wooden building and houses one of Japan's largest bronze statues of Buddha. The statue stands about 50 feet tall and weighs 550 tons. A popular attraction in the building is a pillar with a hole in the base that represents the size of the Daibutsu's nostril. It is said that anyone who can squeeze through the opening will be granted enlightenment in the next life.

As one approaches the Todaiji you will see the Nandaimon Gate, a large wooden gate flanked by the Nio Guardian Kings named Misshaku Kongo and Naeren Kongo. They represent the use of overt power and latent power, (one mouth open, one mouth closed as described in the temple guard dogs section). They pronounce the word "aum" which represents the beginning and end of all things (birth to death) and is a sacred syllable. These two figures were extensively restored between 1988 and 1993 costing $4.7 million. Prior to this restoration the statues had never been moved from their original niches in which they were originally installed. Deer roam the grounds freely as you approach the gate as the deer are considered messengers of the gods in the Shinto religion.

The Todaiji Culture Center opened in 2011 and comprises a museum, auditorium, library and research center. The temple also serves as the Japanese headquarters of the Kegon School of Buddhism.

Yokasoi Soran Matsuri

Yosakoi is a Japanese dance style that combines traditional music and dance moves with modern dance and music. Large teams of young dancers wearing colorful and flashy costumes combine with high-energy choreography to present a show that is unforgettable. It is the lighthearted side of Japanese culture. The Soran is a traditional song sung by the fishermen in Hokkaido so the Yokasoi Soran incorporates this style of song within its music. Many of the dance moves represent the fishermen pulling their nets from the sea. Many teams use the naruko in their performances as well. A naruko is a small wooden clapper held in the hand of the dancer.

The festival is held in early June as Sapporo celebrates the arrival of summer! Sapporo is generally a cold city so when the weather starts to warm up the city comes alive. The Yokasoi Soran Matsuri (festival) is showcased in Odori Park in downtown Sapporo. In 2015 the festival starts June 10 and ends June 14. Performances are lined up day to night for the entire weekend. The city gets extremely crowded but the atmosphere is electric! There can be 300 dance teams performing which means no less than 30,000 dancers. The competition can attract up to 1 million spectators. Teams from all over Japan come to the festival. There are even yosakoi teams at universities within the U. S.

If you plan to attend the Yokasoi Matsui you should plan to wear a yukata, which is a traditional Japanese summer kimono. It is made of cotton, is inexpensive and easy to wear. Just make sure to wrap the yukata to the left side not the right side. The dead are buried in a kimona that is crossed with the right side on top. You don’t want to look like a ghost at the festival. An obi is used to secure the yakata. The obi is basically a fabric belt with a bow in the back. Be prepared for a good time at the Yosakoi Soran Matsuri.

Toshogu Shrine

Toshogu Shrine is the main attraction in the small town of Nikko. Nikko means “sunlight” and is located about 78 miles north of Tokyo. Nikko has been a sacred place since the 8^{th} century when a Buddhist hermitage was established there. It has become a prominent training center for Buddhist priests. Several shrines and temples are clustered in Nikko including the Toshugo Shrine, which was founded by the Tokugawa Ieyasu. Tokugawa Shogunate was a military dynasty that ruled Japan from 1603 until 1867. He unified the entire country and aimed to be the guardian of Japan.

Most Shinto shrines are characterized by minimalist architecture that blends in with its surroundings. The Toshogu Shrine falls in to a completely different category. This shrine is a gaudy depiction of color, gold, carvings, birds, flowers, dancing maidens etc. Some visitors find the shrine to be awe-inspiring while others are repelled by the gaudiness.

One of the famous elements of the shrine is the stable of the white horse where there is a carving depicting the famous three wise monkeys, “hear no evil, speak no evil, see no evil”. The monkey was to serve as the guardian of the horse. There is also a famous carving of a sleeping cat with a sparrow on the backside of the cat. If the cat awakens, the sparrow will be eaten. The sculpture shows the cat and sparrow co-existing. This means that nation wide chaos is over and a peaceful society has come.

The Toshogu Shrine contains a Buddhist library containing over 7,000 scrolls of sacred texts. There are 123 lanterns in the Toshogu Shrine and 30 kinds of imaginary animals. The Omizuya (water house) was built as a place of purification for visitors. Guarding and controlling the water is the sculpture of the flying dragon under the roof.

Seto-Ohashi Bridge

The Seto Ohashi Bridge is the world's longest two-tiered bridge connecting Honshu and Shikoku. The bridge was built as a result of the Shiun Maru disaster in 1955. The Shiun Maru was a ferry that collided with another ferry, the Uko Maru, in thick fog. A lack of radar on board contributed to the disaster. The Shiun Maru sank in the Seto Inland Sea and killed 168 people. 100 of the victims were elementary and junior high school children on school field trips. This disaster was credited with encouraging the Japanese government to connect the major islands by bridge or tunnel no matter what the cost.

Construction of the bridge started in 1978 and took 10 years to finish. The final cost of the construction was around $7 billion dollars. The bridge was constructed with weather conditions in mind and can withstand winds up to 142 m.p.h. and an earthquake with a magnitude of 8.5. The bridge opened for traffic on April 10, 1988. During the 10 years of construction, 13 workers lost their lives even though many safety measures were in place.

The Seto-Ohashi Bridge is the longest two-tiered bridge in the world and carries both cars and trains. The top deck carries 2 lanes of cars going both directions and the bottom tier carries the Shinkansen rail line in both directions. The bridge crosses the Seto Inland Sea and is over 8 miles long. It takes about 20 minutes to cross the bridge. Ferries do still take passengers and vehicles across yet today and a typical ferry crossing takes about an hour.

The Seto-Ohashi Bridge is actually a collective term for the six-bridge system spanning five islands. They connect together to make one amazing architectural creation. The bridge system is particularly beautiful at sunset and is illuminated at night. If you go to the top of Mt. Washu-zan you can see the entire system of the bridges at the outdoor observatory. From the observatory you can walk up a series of stairs to the peak of the mountain. This takes about 5 minutes. Many pleasure boats and sightseeing boats provide a view from the sea. The scenery of the Seto-Ohashi Bridge is definitely worth the journey to it.

Kendo

Kendo is a modern Japanese martial art that is physically and mentally challenging. Ken means “sword” and do means “way or path” so Kendo translates into “way of the sword”, a way in life that is followed through the training of kendo. Kendo is the art of the Japanese Samurai Swordsmanship or the art of Japanese fencing.

It descended from swordsmanship called kenjutsu over the course of many centuries. During the Tokugawa period many schools of kenjutsu arose because of the many internal conflicts. Each school was taught by a famous swordsman whose techniques had earned him honor in battle. Real blades, hardwood swords and no protective equipment resulted in many injuries during training.

During the late 18^{th} century protective equipment called “bogu” and the bamboo sword called the “shinai” were introduced and this began to shape the modern day kendo. By 1911 kendo was introduced in the curriculum of middle school students and in 1939 kendo became a required course for all boys as Japan was preparing for war. After WWII kendo was outlawed for a while but enthusiasts re-introduced kendo into the public schools without the militaristic attitudes and some of the rougher aspect of the prewar kendo. Kendo continues to grow in popularity not only in Japan but also throughout the world. It remains a “sport” that builds character, self-discipline and respect.

There are 8 kendo dan levels (pre-set sequences of motions and exam) and one usually starts around the age of 13. To reach the last level of dan (8-dan) one must be at least 46 years old and have had at least 10 years of training after receiving the 7-dan. There is a reported pass rate of less than 1 percent in the 8-dan kendo exam.

The major organizing body of the sport is the International Kendo Federation (FIK). This is a non-government federation governing national and regional kendo organizations. It provides a link between Japan and the international kendo community to promote and popularize the sport of kendo.

Kyudo

Kyudo means the “way of the bow”. It is considered by many to be the purest form of all the martial arts. The original word for Japanese archery was “kyujutsu” (bow technique). In days past archery and the use of the bow was for hunting, war, court ceremonies, games or contests. Ancient schools known as “ryu” still exist today and still teach ancient ceremony and games but the days of using the bow for hunting and war are long gone. Kyudo is now about physical, moral and spiritual development. One teacher of kyudo says, “shooting with technique improves the shooting, but shooting with spirit improves the man”.

It is believed that kyudo first became evident at the time of Japan’s earliest inhabitants. The Jomon were a hunter-gatherer culture that relied on their bow for survival. The Jomon bow was used primarily for hunting but was also probably used in tribal warfare and ritual. Japan’s first ruler, Emperor Jimmu in 660 B.C. is always depicted holding a long bow, which is believed to be a symbol of his authority. It is for this reason that it is believed kyudo can be traced back to the prehistoric period.

Over the centuries the samurai used the bow more as a weapon of war and during the feudal period (1100 – 1600) the use of the bow as a weapon increased so much so that “kyujutsu ryu” schools came in to being. Kyujutsu refers to the use of the bow as a weapon of war. The end of the 16th century saw the beginning of the end for kyujutsu as the musket became more useful during war and actually defeated the warriors of kyujutsu.

The 17th century saw the civil war cease and Japanese archery gradually made the change from kyujutsu to kyudo, the change from fighting with a bow to a way of personal development. In the 1930's it became evident that kyudo needed to become standardized in order to guarantee continued growth. After WWII kyudo was banned, along with all the other martial arts, and finally in 1949 the Zen Nihon Kyudo Renmei (international organization) was formed and the kyudo kyohon (manual) was published. This established shooting procedures that are still used today in the art of kyudo. Kyudo has become popular worldwide.

Koto

Koto is a traditional Japanese stringed musical instrument. It is typically made of Paulownia wood. The Paulownia tree is native to Japan and is a fast growing tree. The wood is very light, soft and fine grained. It is also warp-resistant so it is used in the making of many types of instruments and decorative boxes. It is also becoming popular in the building of electric guitars. A koto may be made very plain or may be adorned with inlays of ivory, tortoise shell or metal figures. The bridges used to be made of ivory but now days are generally made from wood or even plastic. The bridge is what helps to alter the sound and pitch of the instrument.

A Koto is usually about 6 feet long and 1 foot wide. It is traditionally placed on the floor in front of the player who kneels on the floor. It has 13 strings strung over 13 moveable bridges along the width of the instrument. The strings are generally made of various plastics but silk strings are available. The silk is more expensive and less durable than plastic but silk is claimed to be more musical. The strings are tied at the end of the instrument and tightened. Imagine if you will, the picture of a guitar. A koto is very similar.

Michio Miyagi is credited with the development of the koto and koto music. He was a blind composer, innovator and performer. Miyagi is largely responsible for keeping the koto alive when traditional Japanese arts were being forgotten and replaced by Westernization. Michio wrote over 300 works for the instrument before his death in a train accident at the age of 62. He is credited with the invention and popularization of the 17-string koto. 17 string is the most prominent of koto instruments but you can find 20, 21 and even 25 string kotos. Even though the koto is becoming less prominent in Japan due to the prominence of western pop music, the koto is still developing as an instrument. It is becoming more popular today in the fields of jazz, experimental music and pop with more and more musicians perfecting the art of the koto.

Rice

Rice is Japan's most important crop and has been cultivated across the country for more than 2000 years. People believe that the Japanese first learned to grow rice around the 3rd century B.C. This type of agriculture probably came from Korea and China. Japan's mild and humid climate is good for growing the crop and rice quickly became the primary staple food of the Japanese diet. Japan is the ninth largest producer of rice in the world. There are many different cultivars of rice grown in Japan but the most common is the short-grained japonica variety.

Rice can be kept in storage for a long time so village leaders and other powerful people started building up large stores of rice. This eventually led to a big gap between the rich and poor. Rice even became a way to pay taxes in Japan for many centuries. This practice continued even up to a little over a hundred years ago. The poor rice farmers in the country were actually the least likely to eat the rice. The rice was collected, stored and consumed in the city where the power was concentrated. Thus the gap between classes regarding the staple crop of the island.

A bowl of cooked rice is generally the central food of a meal. The most common way to cook rice today is to steam it. Rice cookers are popular items to use to cook rice. Meat, fish, vegetables or nuts are usually served as a supplement to the rice. Processing rice produces different types of products including alcohol (sake), vinegar, flour and rice cakes. A round glutinous rice cake (kagamimochi) is believed to be especially rich in divine power. A kagamimochi is considered to be the highest concentration of the spirit because it is believed that the spirit lives in each grain of the rice in the rice cake. The rice cakes are used for special meals, holidays and special ceremonies. They are believed to provide the means of renewing life. Rice has always been highly valued and revered in Japan and the Japanese people have a strong religious belief in rice and its mystical powers. When the word rice is written using Chinese characters it literally means “divine grain”.

Miyajima

Miyajima Island (shrine island) is one of the top three scenic spots in Japan. The official name for Miyajima is Itsukushima. It has long been regarded as an Island of the Gods on the beautiful Seto Inland Sea. Miyajima has been an object of nature worship by the local people since ancient times because of its beautiful landscape, the mountains dominated by Mt. Misen and the forest surrounding the island, which appears dark even in the daytime. These all combine to give people the feeling of a flow of spirituality.

A Buddhist priest Kukai was returning from China during the T'ang dynasty when he stopped at Miyajima on his way to Kyoto. He felt spirits there and concluded that the island must be a holy site. He built a main hall on Mt. Misen. With the blending of Buddhism (introduced to Japan during the 5^{th} and 6^{th} centuries) and Shintoism (unique to Japan) the two religions are closely connected on the island of Miyajima and many shrines and temples were built on the Island of the Gods.

The famous Itsukushima Shrine is located on Miyajima Island. The shrine is a popular tourist attraction. The shrine and the torii gate to the shrine appear to be floating in the sea. The high tide makes for a picturesque scene. During low tide you can actually walk out to the gate and explore.

Miyajima is a romantic place and an overnight stay in a ryokan is a great way to experience the mysticism and peacefulness of the island. A ryokan is a Japanese style inn which allows one the opportunity to experience a traditional

Japanese lifestyle and hospitality including tatami floors (thick woven straw mats), futon beds, Japanese baths and the local cuisine featured in an elaborate evening meal.

A ryokan would be a welcome sight after the walk to the top of Mt. Misen. The highest peak of the mountain is at 500 meters above sea level (1/3 of a mile) and it takes approximately 2 hours to reach the summit. Once at the top there are many temple structures and shrines to visit. For a quicker way to the top, the mountain does offer a ropeway as well. A ropeway is a gondola ride and it takes about 20 minutes for the ride. You still have about a 30-minute walk though to the summit after you get off the ropeway. Deer roam the grounds and you may catch a glimpse of wild monkeys also.

Hiroshima Peace Memorial Park

At 8:15 a.m. on August 6, 1945 the atomic bomb “Little Boy” was dropped from the B29 bomber “Enola Gay” over the center of Hiroshima City. It was the first time in human history that an atomic bomb was used as a weapon. The energy from the bomb was equivalent to 16 kilotons of dynamite and at the instant of detonation the temperature at the center of the blast exceeded a million degrees Celsius. The heat rays and blast burned and completely or partially destroyed 90% of the roughly 76,000 homes in the city. Approximately 140,000 people were killed or died later as a result of the radiation destruction. The “Hall of Remembrance” on the grounds of the park offers a solemn space for mourning and contemplation for the many victims. What was once the political and commercial heart of the city lay in complete ruins. Over 120,000 square meters (about 30 acres) instantaneously became a devastated wasteland. The city was in complete chaos. One of the reasons Hiroshima was chosen was because it was believed there were no Allied prisoner of war camps in the city and the sky was clear on the morning of August 6. After a 2nd bomb was dropped on Nagasaki, the Japanese decided it was time to surrender. The long war was over.

Today, in the center of Hiroshima stands the symbol of those days, the Peace Memorial Park. Exactly 4 years to the date of the bombing it was decided by the city leaders of that time that the entire Nakajima District would be devoted to peace memorial facilities. The park, designed by Kenzo Tange, a professor at Tokyo University, along with 3 others, was chosen out of 145 proposals. There are more than 57 monuments in and around the Peace Park. The main facility of the park is the Peace Memorial Museum. This building focuses on the history of Hiroshima, the actual dropping of the bomb and the outcome in human suffering. The A-Bomb Dome (Hiroshima Peace Memorial) is one of the very few buildings that remained standing after the bomb and is listed on the UNESCO World Heritage Site. The Cenotaph for the A-Bomb Victims is an arched tomb for those who died as a result of the bomb. A stone chest listing the names of those victims is located under the arch. The arch represents an ancient house to shelter the souls of the victims from the elements. Every year on the anniversary of the bomb, a ceremony is held at the park in commemoration.

The Children's Peace Monument is ornamented with colorful origami paper cranes in memory of Sadako Sasaki who was exposed to the radiation of the bombing at age 2 and died of leukemia10 years later. While hospitalized Sadako folded over 1,000 paper cranes all with a wish for peace folded inside. Today, cranes are sent in from all over the world. The crane is the symbol of happiness, good luck and peace. The Japanese word for crane is "Tsuru". Today, the people of Hiroshima continue the journey on the path to world peace.