

# The Florida | Japan Report

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**Florida Delegation  
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"Florida Delegation"

## Special New Year/Winter 2018 Edition

### Dates & Venue Formally Announced for 41st Annual SEUS/Japan Joint Meeting



Left to right: Florida Delegation Executive Director, Dave Woodward; Ms. Naoko Yamasaki, Japanese Astronaut/Luncheon Keynote Speaker; and Mr. Keith Norden, Chairman, Florida Delegation, during the 39th Annual SEUS/Japan Joint Meeting in Tokyo, September 2016.

The dates and venue for the 41st Annual Joint Meeting of the Japan-U.S. Southeast and Southeast U.S.-Japan Associations were announced at the close of the 40th Annual SEUS/Japan joint meeting held last month in Greenville, SC.

The 41st Annual Joint Meeting will be held in Tokyo, Japan from October 18-20, 2018 at the New Otani Hotel. Marubeni Corp. will continue as the Japan host company, and South Carolina will be the co-host state.

While detailed planning for this year's joint meeting will not begin until

March, the program will likely follow previous year's formats, with a welcome reception and dinner on Thursday, October 18. The main conference day would be Friday, October 19, with a closing Gala dinner that evening and a golf tournament and sightseeing tours likely on Saturday, October 20th. More details will be announced once confirmed.

Please see the save the dates flyer on the back page of this newsletter, and mark your calendar now. You may also visit online at [www.fl-seusjapan.org](http://www.fl-seusjapan.org) for more info.

### Toyota, Mazda Announce \$1.6 Billion Plant for Huntsville, Alabama

Toyota Motor Corp and Mazda Motor Corp said on Wednesday they will build a \$1.6 billion joint assembly plant in Alabama that will employ up to 4,000 workers, a boost for President Donald Trump, who wants automakers to expand U.S. production. Toyota President Akio Toyoda and Mazda CEO Masamichi Kogai joined Alabama Governor Kay Ivey in Montgomery at an event to announce the decision. "Welcome to sweet home Alabama," Ivey said to the two executives, after saying the anticipated 4,000 workers at the plant to be built in Huntsville would earn an average of \$50,000 a year. The plant

will produce 300,000 vehicles a year and should open on a 2,500-acre former cotton field in 2021, about 14 miles from Toyota's engine plant in Huntsville. President Trump tweeted Wednesday night that the announcement was "Good news" for the U.S. economy. "Companies are coming back to the U.S. in a very big way. Congratulations Alabama!" he wrote. Toyota plans to build Corolla cars at the plant, while Mazda will build crossover SUVs. Alabama will provide tax incentives. Officials said the state tax incentives were worth \$370 million, but they did not disclose how much the local incentives were worth.



A Toyota Yaris (left) pictured with a Mazda 2. Toyota and Mazda announced they will build a \$1.6 billion joint assembly plant in Alabama.

Huntsville Mayor Tommy Battle said the plant will "provide jobs for decades to come for Huntsville and Alabama. It vaults Alabama to the top as an industry leader in producing the next generation of cars that will power our nation." Among U.S. states, Alabama is already the fifth largest producer of cars and light trucks. The state has more than 150 major auto suppliers and 57,000 automotive manufacturing jobs. Alabama is also home to assembly plants operated by Honda Motor. Mazda and Toyota said they still need approvals and authorization by antitrust agencies for the new joint venture. They announced a capital alliance in August and plan to jointly develop tech-

nology for electric vehicles. Trump tweeted in March that he wanted "new plants to be built here for cars sold here." A year ago, shortly before his inauguration, Trump criticized Toyota and threatened hefty tariffs against the Japanese automaker if it built its Corolla sedan for the U.S. market in Mexico. In announcing plans for a new plant in August, Toyota said it would shift production of Corollas from Canada to the new venture rather than in Guanajuato and would build Tacoma pickups in Mexico instead.

(Continued on p.2)

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## Toyota, Mazda Announce \$1.6 Billion Plant for Huntsville, Alabama *(cont'd from p.1)*

*(continued from page 1)* Toyota North America chief executive Jim Lentz said in an interview on Wednesday that pressure from President Trump was not a factor in the decision to build the plant. "These plants are going to live 30, 50 years plus and we have to make good business decisions," he said. Lentz said it makes sense to build Corollas because Toyota needs the volume even in a declining car market.

He called the \$800 million investment a

"bargain" to get the additional volume. Toyota hopes to break ground this spring after initially getting more than 100 proposed sites from 22 states. In October, Toyota said it would scale back investment in a planned plant in Mexico by 30 percent to \$700 million and cut planned annual capacity in half to 100,000 vehicles as it shuffles its production plans to meet market demands. Over the last 30 years Toyota and other automakers from Germany and other parts of Asia have built a second auto industry in the United States. Its size and employment

rivals operations of the Detroit Three automakers, but with newer plants and fewer unionized workers. U.S. states covet auto assembly plants because they typically pay above-average wages and spin off jobs at suppliers and service companies. Southern states have been home to the majority of new auto production by German and Asian automakers. These states generally have good transportation infrastructure, business-friendly regulators and anti-union politicians.

*Source: Reuters 1-10-18*

## Japan is Building Miami-Dade County Metrorail's New Fleet of Rail Trains



*The 140,400 square-foot Medley, FL plant will manufacture 136 cars and 272 motor bogies needed to replace Miami-Dade County's Metrorail fleet.*

Two weeks ago, the first rail train of the new Miami-Dade County Metrorail fleet, built by Hitachi Rail U.S., started servicing community residents and visitors, with the rest of the trains scheduled to be on the tracks by the end of 2019. As demand for reliable and attractive urban transportation continues to grow, this important project is an excellent example of the mutually beneficial collaboration between the U.S. and Japan.

Taking a page from Japan's urban rail system, which is at the top level in terms of safety, punctuality and high passenger usage, the new trains offer many upgrades. Some of these improvements will not be visible to the rider, including computerized control systems, reduced energy usage and materials that are easier to clean and more graffiti resistant. In terms of the riding experience, passengers will enjoy a more-open layout with fewer barriers, built-in bike racks, new air

conditioning systems, quieter disc brakes, security cameras and computerized announcements. The new trains are designed to provide reliable, rapid and comfortable transportation.

DRS Technologies, a Finmeccanica company, built the framework of the cars in Missouri before transporting them to a local 140,000-square-foot, custom-designed plant in Medley. Constructing the plant involved more than 50 sub-contractors and suppliers, with the majority based in South Florida. The Medley facility is the first that Hitachi Rail has opened in the United States. The company has also won orders from Baltimore for Mass Rapid Transit trains. These and other future trains will be built in Medley. As a whole, Hitachi companies employ 21,000 people in their factories and research facilities in the United States. In this connection, Japanese companies are the second largest investor in the United States with a total of \$411 billion. They provide local jobs for 839,000 people and the average wage at a Japanese multinational company is \$93,006. Japan's investment in Florida is a close second at \$7.73 billion and contributes to 24,200 jobs.

Miami Dade will benefit from collaboration with Japan on urban rail system in general. With its advanced technology and accumulation of expertise, Japan is a leading country in this sector in terms of safety, reliability and punctuality. For example, Japan's railway is the safest in the world with the lowest ratio of railway accidents per passenger train-kilometer. In the Tokyo metropolitan area, with a population of over 38 million, the share of railway passenger transport is 60 percent, markedly higher than that of other major cities such as New York (22 percent). Trains in Japan are famous for running according

to schedule. The other day, a railway company apologized to its passengers when a train left 20 seconds early. A common feature of railway business in Japan is the commercial development of railway station areas to offset rail operation costs. A rail pass is used to take the train, bus, taxi and even shop. The Japanese government has recognized the importance of railways in urban planning. The development of the current urban railway network in Tokyo follows recommendations from the Transport Policy Council, which are usually released every 15 years.

These recommendations enabled Tokyo to keep pace with urban development and increased volume of commuters by increasing capacity and constructing new lines. The latest recommendations issued in April 2016 go further to include natural disaster risk reduction following the Great East Earthquake of 2011. Among other improvements, Tokyo is also promoting increased accessibility for those with physical challenges, installed automated gates to prevent passengers falling from platforms and has upgraded stations with shops and amenities.

As the new trains roll onto the tracks, I congratulate Mayor Carlos Gimenez and Miami-Dade for this historic occasion and I look forward to riding the new trains. It is my firm belief that participation of Japanese companies including Hitachi Rail in the future expansion of the county's urban rail system will contribute to the convenience of its users.

*Editor's note: The above is an article written by the Hon. Ken Okaniwa, Consul General of Japan in Miami, which was published in the Miami Herald this past December 9.*

## Brightline Express Train Extension from South Florida to Orlando Approved

Getting from South Florida to Orlando could be faster now that the federal government has approved the next phase of Brightline's high-speed passenger rail service that could begin construction early next year. The leg between Fort Lauderdale and West Palm Beach was expected to open this year. With only a couple weeks left, ticket prices and a start date are coming "soon," company officials said.

Brightline CEO Dave Howard said in a statement "We look forward to launching service to Miami and starting construction north to Orlando in the first quarter of 2018." Brightline trains have been making test

runs between Fort Lauderdale and West Palm Beach as preparations continue for the launch of introductory service. Miami Central station will be added to the route in coming months.

It will take Brightline trains about 30 minutes to travel from West Palm Beach to Fort Lauderdale and another 30 minutes to Miami. Eventually, the trip from Miami to Orlando will take three hours, compared with four hours by car or bus, officials estimate.

*Editor's Note: The private equity parent of Brightline, New York-based hedge fund Fortress Investment Group, was acquired by*

*Tokyo, Japan-based SoftBank Group Corp. for approximately \$3.3 billion.*



*Brightline's Fort Lauderdale Station*

*Source: The Sun Sentinel 12-16-17*

## Eight More Cents for a Chicken Skewer is a Breakthrough in Japan

Here is one sign of how robust the world economy is getting: Even in deflation-wracked Japan, some companies believe conditions are strong enough to raise prices. Torikizoku Co., a budget restaurant chain offering sticks of yakitori grilled chicken, lifted prices for the first time in nearly 30 years in October. It now charges the equivalent of \$2.65 for a two-skewer plate, up from \$2.49 before. It was egged on by a shortage of part-time staff, which forced it to pay higher wages, a spokesman said.

And the beer to wash it down is getting pricier, too: Japan's four major beer companies recently decided to raise prices for the first time in a decade. Making diners pay 8 cents more for a skewer might not be news elsewhere, but it could be a breakthrough for Japan, which struggled through 15 years of deflation beginning in the late 1990s. Prime Minister Shinzo Abe has put defeating deflation at the center of his economic revival plan. Data released Friday showed that core consumer prices rose 0.8% in October compared with the same month a year earlier, a faster pace than September's 0.7%.

The Japanese economy grew slightly in the latest quarter, thanks entirely to exports, and makers of products such as memory chips and battery parts have been revving up production. Since the working-age population is shrinking, the overseas demand is driving a severe labor crunch for employers. In October, there were 155 jobs available for every 100 job seekers, according to data released Friday, the strongest showing in more than 43 years. "Upward pressure on prices stemming from the rise in wage costs has been mounting," said Bank of Japan Gov. Haruhiko Kuroda in November.

Despite the improvement, prices in Japan are still growing much more slowly than Mr. Kuroda's longstanding target of 2%, and the country remains at the far end of a puzzling global phenomenon in which prices in the world's richest economies are stubbornly slow to rise even when unemployment is low and growth fairly healthy. Japanese prices have briefly perked up in the past only to again wither. But broader improvements in the Japanese economy and labor market could make the current increase more durable. "The key change is that some of this up shift will be generated by domestic pressures as the labor market is now very tight and set to get tighter," said Freya Beamish, chief Asia economist for Pantheon Macroeconomics, who forecasts Japanese inflation will edge up further in 2018. After three consecutive years of growing about 1% or less, the Japanese economy is on course to grow 1.5% this year according to the latest forecasts of the International Monetary Fund. Prices may also be perking up in response to Japan's central bank continuing its aggressive monetary policies even while more of the world's advanced economies pivot toward higher interest rates and unwinding of stimulus.

The Bank of Japan has undertaken the world's largest campaign of bond and equity purchases, designed to enliven its economy and push up prices. The Bank of Japan's balance sheet holds assets valued at about 95% of Japan's gross domestic product, compared to just 39% for the European Central Bank and 23% for the Federal Reserve. Some economists have cited the impact of e-commerce and globalized supply chains as common factors in the leading economies. But in Japan the issue runs deeper, a legacy of a long period of

lethargy that remains firmly etched in the psyche of companies and consumers. Torikizoku, the grilled-chicken chain, tried everything to keep prices the same, including installing touch screens at tables so fewer servers would be needed. The makers of Asahi and Kirin beer agreed to share some warehouses and trucks, trying to keep a lid on shipping costs. Akiyoshi Koji, president of Asahi Group Holdings, one of the four brewers raising prices, said Japanese consumers wouldn't pay more unless they believed price increases were a last resort. "Companies need to convince consumers their prices are fair, while cutting back on excessive service-related costs," Mr. Koji said in a recent interview. Part-time pay grew by 2.3% in September from a year earlier, outpacing the overall rise in wages of less than 1%.

The latest inflation data could add to speculation that the Bank of Japan is paving the way for an increase in its interest-rate targets, a step it has steadfastly avoided despite multiple rate increases by the Federal Reserve. Izuru Kato, president of Totan Research Co., said the central bank might raise its target for the interest rate on 10-year Japanese government bonds—now zero—to 0.2% or 0.3% sometime next year. The term of Mr. Kuroda, the BOJ governor, expires in April, and it isn't clear whether he will stay in the job. Others say the recent pickup in inflation is another false dawn. Torikizoku's experience may illustrate the point: It saw same-store sales decline in October after raising prices Oct. 1. The chicken chain's spokesman said bad weather was partly responsible, but there was also evidence customers were ordering less food to make up for the higher prices.

Source: *The Wall Street Journal* 12-1-17

## Georgetown University SFS Alumni Appointed Foreign Minister of Japan



*Japan's newly appointed Minister of Foreign Affairs, His Excellency Taro Kono.*

When Taro Kono was a young man in Japan, he told his father he wanted to be educated in the United States. When his father asked why, Kono replied that he needed to learn English so that when he became Prime Minister of Japan he would be able to speak to the U.S. President who most likely wouldn't speak Japanese.

Kono arrived in the States at age 19. His first stop was a Connecticut boarding school so he could build his English language skills, after which he began as an undergraduate at Georgetown's School of Foreign Service. He recalls some surprises. For example he was shocked (and disappointed) to notice that Ja-

pan was seldom mentioned in the American news, despite the importance of the American-Japanese relationship. He was also not used to being among such serious students. When he asked his class-mates for advice about which were the easy classes, he was met with disapproval. He fondly remembers Dr. Madeleine Albright. After his first day in her American Foreign Policy Process seminar, she confronted him about not contributing to the class discussion. She said that if he was not up to participating, he need not return. When Kono explained that he'd held back because his English wasn't very good, Dr. Albright replied, "Well that's your problem."

After that he spoke during each class and credits Albright with helping him learn a life skill: to be prepared for every meeting and speech. For the last class she invited the students to her home and cooked for them. After graduating from SFS in 1985, Kono returned to Japan where he worked in international business, first for Fuji Xerox, and later, Nippon Tanshi, which supplied electric components to carmakers. At age 33, he entered politics when he was elected to the Japanese House of Representatives. Over the next 18 years, he was re-elected six more times. In August of 2017, Kono was appointed Japanese Minister of

Foreign Affairs. When asked about the most challenging part of his new job, Kono didn't hesitate. "We are in the middle of the North Korean crisis," he says. "I really need to work hard to protect our country and to protect our international society because North Korean missiles can reach not only Japan, but Washington as well."

Kono says his current focus is working with the U.S., Russia and China to keep the Korean Peninsula nuclear free. "We cannot have dialogue for the sake of dialogue," he says, alluding to prior policies he believes allowed North Korea to attain nuclear capacity. Kono believes that all nations should enforce the U.N. Security Council Resolutions on North Korea, which include severe sanctions for nuclear missile tests. Kono says, "If North Korea did something to South Korea or to Japan, the United States would retaliate with all the power they have and they never changed that position. So we are very thankful..." He adds, "I think the U.S. administration is doing a great job." And his future aspirations? Taro Kono remains as ambitious as ever, noting that one day he hopes to come back to Georgetown for a visit—when he is prime minister.

Source: *Georgetown Walsh School of Foreign Service Magazine* 2017-2018

## Calendar/Upcoming Events

### The Miami-Dade County Office of Economic Development and International Trade's Mission to Japan & China

Dates: China - March 17-24, 2018

Japan - March 25-28, 2018

For more information, please contact: Mr. Desmond Alufohai, Senior Int'l Trade Coordinator, (305) 375-1254

### The Way of Taiko: The Heartbeat of Japan

Date: January 28, 2018

When: 11:00AM - 1:00PM or 2:00PM - 4:00PM

Where: Morikami Museum & Japanese Gardens  
4000 Morikami Park Road, Delray Beach, FL 33446

## お正月 Japanese New Year Traditions

The start of a new year means a visit to a shrine or a temple in Japan. After making an offering, one can choose a fortune, called おみくじ (omikuj), a slip of paper that tells your level of luck for the new year.



**WISHING ALL THE BEST IN 2018 TO ALL OF OUR SEUS/JAPAN MEMBERS, PARTNERS & FRIENDS!**

**明けましておめでとうございます!**



日米南東部会



**Save the Dates!!!**

**October 18-20, 2018**

**41st Annual Joint Meeting**  
of the

**Japan-U.S. Southeast &  
Southeast U.S./Japan Associations**

The New Otani Hotel  
Tokyo, Japan



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*We welcome contributions and input from our members and readers, and while every effort is made to report all information accurately, we apologize for any errors or omissions on our part. Please contact us with any suggested revisions.*