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Rebalance Meets Revitalization
US commerce secretary's first Asia trade mission

By Andrew Wylegala

For three days in late October, U.S. Department of Commerce Secretary Penny Pritzker led 30 US executives to Tokyo to broaden the economic dimension of the United States's rebalance to Asia, and to highlight the centrality of the US-Japan commercial relationship to that policy.

It was the first cabinet-led business mission to Japan in two decades. According to the delegation and their Japanese counterparts, the mission made significant headway helping US companies launch or expand in the two fast-growth sectors covered: healthcare and energy. To maximize opportunities, and forestall another decades-long interlude, a surge of follow-on activities is taking shape.

[Click here](#) to see one US participant's feedback on the trade mission.

Executive-led trade missions are busy affairs that cast a wide wake. The program combined government-to-government meetings; delegation meetings with Japanese officials; B2B discussions, briefings, site visits, and networking; and media outreach. The American Chamber of Commerce in Japan (ACCJ) rode this wave, as one-fifth of the delegates represented ACCJ member companies.

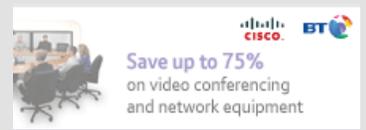
Pritzker was briefed by ACCJ leaders within hours of her arrival, to set the stage for bilateral talks. A high watermark for her public outreach was the October 21 luncheon that the ACCJ hosted with Keizai Doyukai, the Japan Association of Corporate Executives. The secretary's live-streamed speech and extensive press coverage amplified her message.

Pritzker, a core member of President Barack Obama's team since her June 2013 swearing-in, has been a forceful, charismatic advocate of America's commercial interests at home and abroad.



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Following up on Obama's visit to Japan six months earlier, Pritzker repeatedly stressed the importance of a prompt, successful conclusion to the Trans-Pacific Partnership (TPP) agreement. She emphasized that "we live in a world of rising powers and emerging markets, and we cannot sit idly by . . . if we do not set the rules of the road on these issues, our competitors surely will."

Were the strategic case for TPP not compelling enough, she outlined its purely economic benefits:

- The Peterson Institute estimates that Japan's annual GDP gains from TPP will be close to \$100 billion in 2025
- Export gains for Japan are projected to be about \$140 billion by 2025
- For the United States, Peterson estimates the real income benefits of TPP will be close to \$77 billion per year and, by 2025, it will generate an additional \$123.5 billion in US exports

The secretary carried a clarion call on behalf of TPP conclusion into conversations with Prime Minister Shinzo Abe and Chief Cabinet Secretary Yoshihide Suga, among others. She also commended the Japanese government on achieving economic progress and on its commitment to reform over the previous 22 months.

The trade mission also aimed to enhance the business climate in Japan for US companies, and to support Japan's reform and revitalization agenda. Accordingly, the delegation interacted with political and bureaucratic leaders overseeing healthcare and energy.

The 30 senior managers attending represented a mix of new- and old-to-market companies, sector specialties, and company sizes. Given that legislation animating prospects for both sectors has either been passed or is under debate in the Diet, there could not have been a better time for reinforcing government and business discussions.

In several areas, talks represented a "call ahead" for the ACCJ Diet Doorknock the following week.

Notwithstanding complications surrounding the change of two members of the Abe Cabinet, the Japanese government could not have been more supportive or gracious. Indeed, the delegates enjoyed unparalleled access to senior levels of several ministries.

Issues on the table

After acknowledging the reform and deregulation of Japan's \$153 billion healthcare sector, delegates expressed concern with proposals to transition to an annual revision of drug and device reimbursement prices.

In the energy sector, they stressed that US expertise could strengthen Japan's smart grid and thereby expedite power sector restructuring and adoption of renewables. Pritzker also urged Japanese action on the Convention on Supplementary Compensation for Nuclear Damage, to facilitate private contractors' collaboration in Fukushima remediation and to ensure safe, secure nuclear power.

Complementing the government agenda were over 60 B2B meetings, arranged by Commercial Service-Japan (CS-J) staff to cater to delegates' requests. Concurrent energy and health roundtables built market knowledge.

The energy delegates enjoyed a frank exchange—moderated by Bloomberg Japan—with experts on hot topics in the Japanese energy market: LNG imports, electrical sector deregulation, renewables diversification, and nuclear re-starts. They later visited Bloom Energy's fuel cell server, while the healthcare delegates toured St. Luke's Hospital.

The program also involved a working lunch with Keidanren, and a reception hosted by Ambassador Caroline Kennedy for 160 guests, including former Ministry of Economy, Trade and Industry Minister Toshimitsu Motegi, two former US cabinet officials, and former Senate Majority Leader Tom

Daschle.

Both events expanded the delegates' contacts, solidified institutional relationships, and allowed the secretary a platform to challenge Keidanren to help recruit the top foreign delegation to the SelectUSA Summit in Washington on March 23.

With architectural decisions being made regarding venues for the 2020 Olympic and Paralympic Games, it was fitting that the secretary was able to take in some of Tokyo's cutting-edge architecture during her stay.

Touching on another topic critical to Japan's revitalization, Ambassador Kennedy also hosted a high-level "Women in the Workforce" discussion involving Pritzker, a female cabinet minister, ACCJ President Jay Ponazecki, and Japanese female executives.

Pritzker's experience as a cabinet member and successful businesswoman brought the US boardroom perspective to bear on addressing Japan's employment gender gap.



TRADE MISSION ATTENDEES

Blowin' in the Wind

Principle Power, Inc., one of three worldwide suppliers of semi-submersible floating foundations for offshore wind turbines, is a small but plucky engineering firm from Seattle, headed by CEO and President Alla Weinstein. The company's solution saves on material while delivering superior performance.

Given the Japanese government's measures to enhance the nation's grid in remote areas, fund demonstration projects, and provide an attractive feed-in tariff for offshore wind power, convincing Principle Power to join the mission was not difficult.

In 2011, the company installed its first WindFloat prototype off Portugal, with another in the same region; a third is planned off Coos Bay, Oregon. In Japan, Principle Power has been exploring tie-ups with assistance from the Embassy of the United States in Tokyo, and briefed Ambassador Caroline Kennedy on the sector. Weinstein gave the mission rave reviews and sees vast potential for the company's technology in Japan and Asia.

As a next step, it will anchor Commercial Service-Japan's first USA Wind Power Pavilion at World Smart Energy Week, to be held in February at Tokyo Big Sight.

Revitalization to Regeneration

Regenerative medicine, which involves replacing, engineering, or regenerating human cells, is an emerging field that holds the promise to transform global health. It is also an area where Japan and the United States shine, from basic research to commercialization.

The Japanese government aims to position the country as a unique testing ground for early-phase trials. Thus, CS-J recruited companies from the field, including San Diego-based, Tokyo-resident, Cytori Therapeutics. Regulations are currently being written, and Chuikyo (the Central Social

Insurance Medical Council) is moving to allow reimbursement for certain regenerative treatments.

Cytori is developing cell therapies with a core focus on cardiovascular disease, thermal burns, and other soft tissue injuries. The mission was particularly productive for the company, as it had the chance to meet Japanese officials and lobby for clarification under the newly issued Regenerative Medicine Promotion Law.

Kenneth Kleinhenz, vice president of global regulatory affairs, noted that even as a small company, Cytori “had an equal voice with larger trade mission colleagues,” which he found impressive. As a next step, Cytori is supporting a clinical trial primarily sponsored by the Ministry of Health, Labour and Welfare and Nagoya University.

Mission Im-pausable

The embassy works to leverage labor-intensive trade missions with a tide of preparatory and follow-on events, and this mission was no exception. On the healthcare front, November saw CS-J staff traveling to Düsseldorf’s MEDICA, a world forum for medicine, and an export seminar in Minneapolis.

Energy companies from various subsectors can look forward to the U.S.–Japan Renewable Energy Policy Business Roundtable in February, followed by World Smart Energy Week later that month.

The nuclear sector’s Fukushima Forum takes place in April, and the annual New Orleans Association power sector matchmaker will be held in May, promising especially high voltage on the eve of second-stage deregulation.

In addition, several leaders of the U.S. Department of Commerce are planning visits to Japan in early 2015, to build on the momentum from U.S. Department of Commerce Secretary Penny Pritzker’s mission: Under Secretary of Commerce Stefan Selig, Assistant Secretary for Global Markets Arun Kumar, and Deputy Assistant Secretary for Asia Holly Vineyard.

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