

# POSTAL NEWS

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Wednesday, June 23, 2010

## **1. Postal Funds Must Be Invested Safely: Minister**

TOKYO (Nikkei)--Safety should be the overriding concern in investing the vast amount of customer assets held by the government-owned Japan Post group, Financial Services Minister Shozaburo Jimi said Tuesday.

"Funds in postal savings accounts and insurance policies are not amenable to high risk investment," Jimi, who doubles as postal reform minister, said in an interview with The Nikkei and other news organizations.

He said that a proposal by Internal Affairs Minister Kazuhiro Haraguchi to invest some of this money in infrastructure projects in conjunction with foreign investment funds is "nowhere on the agenda."

Jimi wants safety.

Regulatory changes that would roughly double how much money customers can put into postal accounts and insurance policies will depend on the passage of the main postal overhaul bill, Jimi said. The ruling Democratic Party of Japan and Jimi's People's New Party have agreed to seek passage of this bill when the Diet reconvenes after the July 11 upper house election. This deal "will not be overturned" regardless of the results of the election, Jimi added.

Jimi said a decision on whether to allow Japan Post Insurance Co. to enter the so-called third-sector insurance, such as cancer policy, an area where Western insurance companies have been strong in Japan, would be left up to an independent committee.

Asked about the possibility that the U.S. and European countries would file a complaint about the expansion of Japan Post with the World Trade Organization, Jimi said: "In drawing up provisions [for a wider scope of Japan Post's operations] we will consider freedom in business and fairness in competition in a balanced manner so that they are in line with WTO rules."

(The Nikkei June 23 morning edition)

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## **2. Japan Inc.'s Rebranding: America Inc.?**

By Yoree Koh

For a Japanese political party in search of a comeback, touting ties to corporate America is about as likely as a Red Sox fan embracing the Yankees. But that's exactly what the Liberal Democratic Party is doing to refashion the party image to seem more hip to the global economy.

The LDP has backed Yukiko Tokai — whose resume comes loaded with international business experience — for one of the five seats up for grabs in the Tokyo district in the upcoming upper house election set for July 11. Ms. Tokai, better known as “Vivian” to her U.S. colleagues, has most recently worked for U.S.-based companies General Electric Co. and United Parcel Service Inc.

“The fact is that the LDP is going to change,” Ms. Tokai told JRT during a recent interview at her Roppongi campaign headquarters. The LDP's attempts to recast its stuffy image, combined with Japan's stagnant economy, have given new opportunities to atypical candidates like Ms. Tokai. “If the LDP had continued to be the ruling party, they never, ever would have chosen me as a candidate. But now the LDP is the opposition, the second-biggest opposition party, and they have to do something new to takeover the majority again in the expected lower house elections in three years,” said Ms. Tokai.

The former sportscaster, who has lived in the U.S. for eight years, said her work with global companies has shaped her policy views so they are more aligned with the LDP than the ruling Democratic Party of Japan.

“I'm not in a position to say whether postal privatization as an issue is good or not but I can say that the DPJ version, their anti-postal privatization position, is totally ridiculous,” she said. As the manager of public affairs at UPS at the time, Ms. Tokai said she was closely involved when then-Prime Minister Junichiro Koizumi moved to privatize the nation's gigantic postal system. UPS is seen as a postal services competitor, and a possible loser if privatization gets blocked.

Meanwhile, Ms. Tokai's overseas business experience could update the LDP's dusty book of longtime domestic business partnerships.

“The LDP cannot find new industry supporters at the moment because they are the opposition party,” said Yoshitaka Sugihara, corporate and government affairs manager at Intel Corp. and who has worked with Ms. Tokai at the American Chamber of Commerce in Japan.

Mr. Sugihara said the LDP's contacts, still entrenched in its old relationships with companies like Hitachi Ltd., hasn't been able to extend its reach to newer industry

platforms like Rakuten Inc. and Yahoo!. Candidates with backgrounds like Ms. Tokai's could fix that problem.

Mr. Sugihara said he himself is considering running the upcoming governor's election in Nagano prefecture in August on a conservative party ticket like the LDP.

Ms. Tokai says that a more business-minded approach could also help Japan better participate in the global economy. While other European and Asian countries have ramped up efforts, Ms. Tokai said Japan has mishandled export opportunities like high-speed trains, an area her expertise in the export business could be of use to help lift the country's stagnant economy.

"Business solutions will help social issues, and maybe even change the political system as well," said Mr. Sugihara.

In contrast with the LDP, the DPJ already has a roster of parliament members with global business experience. Six current DPJ Diet members have worked for international finance firms like Goldman Sachs Group Inc., Bank of America Merrill Lynch and Citigroup Inc., four of whom were elected to the lower house for the first time last fall. Tetsundo Iwakuni, a former DPJ politician who lost his seat last year, served as a senior vice president of Merrill Lynch Japan in New York prior to his political career.

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