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AKARI 明かり



A peaceful temple courtyard, bell hanging from wooden frame, surrounded by blooming hydrangeas and cicadas. Depicting the start of summer in Japan. Image generated with Dall-E



भारतीय प्रबंध संस्थान बेंगलूर
INDIAN INSTITUTE OF MANAGEMENT
BANGALORE

MIJSC

Mizuho India Japan Study Centre

Chairperson's Message

Dear Friends,

The cover page of this edition captures the spirit of early summer in Japan—a tranquil temple courtyard, a bell suspended in stillness, surrounded by blooming hydrangeas and the quiet hum of cicadas. It marks the seasonal shift in Japan, even as India welcomes the monsoon. These contrasts reflect the richness of the India-Japan relationship—distinct yet deeply complementary.

The first half of 2025 has seen India-Japan engagement gain remarkable momentum. Over 142,000 Indian visitors travelled to Japan in just six months—a record figure that signals a growing wave of people-to-people exchange. At the same time, Japanese universities are actively addressing demographic and innovation challenges by tapping into Indian talent, especially in STEM-focused graduate programs.

At the Mizuho India Japan Study Centre (MIJSC), we continue to respond to these shifts with focus and action. Our Lean Manufacturing Practices (LMP) Programme is actively engaging engineering colleges across India to build capacity in Japanese engineering and management practices. In parallel, our Japanese Language and Conversation and Culture (JLCC) initiative continues to nurture linguistic and cultural fluency among Indian students and professionals—critical for meaningful engagement with Japan.

We are also pleased to announce a new initiative to deepen India-Japan scholarship through research and academic enquiry. This will be anchored by a new platform called Kizuna Sabha, aimed at fostering collaborative research and dialogue among students, scholars, and practitioners. I invite all those with a stake in the future of this partnership to contribute to this forum.

Our progress would not be possible without the steadfast support of our partners. Thank you for your continued collaboration, which enables both the growth of existing programs and the launch of new ones.

As MIJSC approaches its 8th Foundation Day in September, we look forward to sharing our journey and milestones with you. We hope you will join us as we reflect on the path taken and outline our future vision.

Warm regards,

Prof. Jaideep Sarkar

Chairperson, Mizuho India Japan Study Centre
Indian Institute of Management Bangalore

Editor's Note

Dear Readers,

It is my pleasure to pen this note as we at Mizuho India Japan Study Centre are in the midst of exciting times. The excitement stems from multiple initiatives that are taking roots and more initiatives that are getting incubated. The success of the Lean Manufacturing Program and its quick adoption at the Engineering college educational framework has been very heartening after the launch of the third cohort in February 2025. We are set to launch the fourth cohort in August 2025. The evolution of this program from being a purely online course to a dynamic version of a hybrid program can be credited to a committed team of industry experts and academia from across India who have dedicated their time and effort to make this evolution happen. The initiatives to strengthen societal bonds through Japanese language and cultural workshops as well as from our webinars are maturing and creating strong bonds between learners and experts from India, Japan and rest of the world.

We are very happy to introduce two new sections to this newsletter. A section on cultural crossroads captures news from Japan which reveals the shifts, stories and captures the spirit of a nation in transition. The other section is a dedicated space that explores trends in Japan's economy and business, spotlighting emerging opportunities for India Japan partnership.

We are introducing two new sections in this newsletter. Cultural Crossroads examines where Japanese tradition meets global influence, capturing the shifts, stories, and spirit of a nation in transition. The second section focuses on economic and business trends in Japan, identifying emerging opportunities for India-Japan collaboration.

As you navigate through this newsletter, we hope that the news shared and the stories told inspire you to become a partner with this Centre of Excellence at IIM Bangalore.

In this edition, we invite you to relive these moments with us as you'll find:

- **Enhancing Collaborative Research:** Updates on our research projects...
- **Academic Initiatives:** Details on our educational programs, including the Lean Manufacturing Practices Program...
- **Societal Bonds:** Stories from the Japanese Language and Culture Workshop and learnings from our webinars...
- **Cultural Crossroads:** Where Japanese tradition meets global influence, revealing the shifts, stories, and spirit of a nation in transition.
- **Japan Inc. Monitor:** A dedicated space that explores trends in Japan's economy and society, spotlighting emerging risks and opportunities for India-Japan partnerships...

As you navigate through this newsletter, we hope the stories inspire you, the facts intrigue you, and the shared experiences resonate with you.

Warm Regards,

Saideep Rathnam
Chief Operating Officer,
Mizuho India-Japan Study Centre
Indian Institute of Management Bangalore

1. Enhancing Collaborative Research– Kizuna Sabha

We're excited to announce an upcoming interdisciplinary research initiative that promises to reshape academic dialogue on India-Japan relations.

Kizuna Sabha — a new research forum launching under the Mizuho India Japan Study Centre (MIJSC) at IIM Bangalore — is now accepting submissions from scholars worldwide.



What Makes Kizuna Sabha Special?

Think of it as more than just another academic platform. Kizuna Sabha is designed to be a dynamic space where rigorous scholarship meets real-world relevance. The forum casts a wide net across the entire spectrum of India-Japan interactions — from international relations and business dynamics to technology transfers, political developments, and cultural exchanges.

What's particularly compelling is its dual mission: showcasing high-quality student research while simultaneously building a credible, globally accessible knowledge repository. It's not just about publishing papers; it's about creating a lasting intellectual legacy that scholars, policymakers, and practitioners worldwide can tap into.

The Name Says It All

The choice of "Kizuna Sabha" is beautifully deliberate. "Kizuna" (絆) captures those deep, meaningful connections that transcend borders — the emotional and intellectual bonds that make academic collaboration truly transformative. Pair that with "Sabha," our traditional concept of a gathering space for knowledge exchange, and you get something uniquely positioned at the intersection of Japanese depth and Indian inclusivity.

Why This Matters Now

With India and Japan's relationship evolving rapidly across multiple dimensions — from strategic partnerships to technological collaboration — there's never been a more crucial time for serious academic engagement. Kizuna Sabha fills a real gap by providing a structured yet flexible platform for emerging scholars to contribute meaningfully to this conversation.

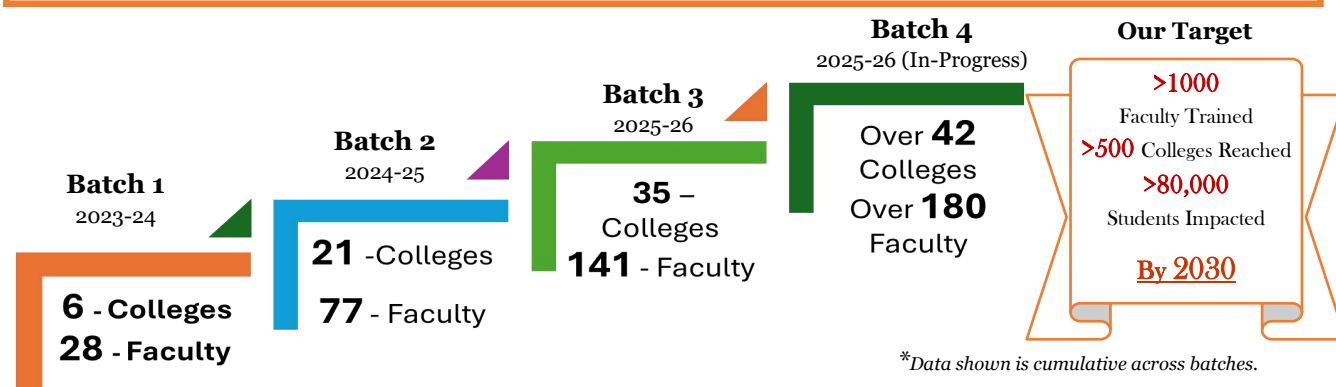
For those working at the intersection of Indian and Japanese contexts, this could well become an essential platform for both showcasing work and staying current with cutting-edge scholarship.

Stay tuned for more updates on this promising initiative!

2. Strengthening Academic Initiatives - Lean Manufacturing Practices Program

The **Lean Manufacturing Practices (LMP)** program at MIJSC is inspired by the **Visionary Learning Community of India (VLCI)**, which bridges industry and academia to drive Lean Transformation. It trains engineering faculty, who in turn transfer these skills to students, creating a multiplier effect. By connecting SMEs, colleges, faculty, and students, the program builds a pipeline of change leaders. LMP aligns academic learning with real-world manufacturing needs to support sustainable industrial growth through practical Lean methodologies.

The LMP program has trained over **180 faculty** members across **41 colleges**, spanning **5 states** in India. Its structured rollout is building Lean capabilities in engineering education with growing national impact.



Unique Pedagogy: Hybrid Learning That Translates Knowledge into Skills

The LMP program follows a distinctive hybrid model that blends online learning with real-world application:

- **Step 1: Build Foundational Knowledge** Participants engage with curated MOOCs through platforms like SWAYAM and IIMBx, reinforced by interactive sessions with industry experts for continuous conceptual clarity.
- **Step 2: Apply Through Field Immersion** Assignments require participants to visit factories, gather on-ground data, and observe real manufacturing environments. MIJSC actively facilitates these industry visits to ensure hands-on learning and skill development.

On the Ground: Outreach to Power Batch 4

As part of the preparations for Batch 4 of the Lean Manufacturing Practices (LMP) Program, MIJSC conducted a focused 4-day outreach roadshow. The initiative targeted core engineering departments across selected colleges in Maharashtra with the dual aim of building awareness about MIJSC's programs and driving faculty engagement for the upcoming LMP batch starting August 16, 2025.

The outreach team engaged with Heads of Departments and senior faculty members through structured sessions that included presentations, Q&A interactions, and a detailed overview of the LMP Program. Discussions centered around integrating Lean principles within academic settings and preparing faculty to become future-ready Lean experts with the potential to act as industry consultants.

In parallel, the team also introduced MIJSC's **Japanese Language and Culture Course** designed specifically for engineering students. With Japan facing a critical labor shortage, the course aims to provide students with foundational Japanese language skills and cultural awareness, increasing their chances of securing employment in Japan and integrating effectively into Japanese workplaces.

This combined outreach effort highlighted MIJSC's strategic focus on both industry-relevant faculty development and globally oriented student programs. By enabling institutions to embed Lean thinking and preparing students for cross-border employment opportunities, MIJSC continues to build strong bridges between education, industry, and international collaboration.

3. Promoting Societal Bonds - Japanese Language Workshop

On April 19, 2025, we marked a key milestone in our Japanese Language Conversation and Culture (JLCC) program with its **in-person Japanese Language Workshop**. This session—held after over three months of online engagement since the cohorts launch on January 8—brought the learning journey to life in the most tangible and inspiring way.



What began as a virtual classroom with bi-weekly sessions focused on Foundational and Intermediate Japanese language and culture evolved into a **dynamic, real-world cultural exchange**, as **24 participants** from academia and industry gathered on campus. The workshop wasn't just a language session—it was an focused on building conversational skills.



The day opened with **welcoming remarks** from MIJSC COO **Mr. Saideep Rathnam**, followed by an insightful address by **Chairperson Prof. Jaideep Sarkar**, who shared personal reflections on the importance of cultural context in language learning. Their words set the tone for a day that would be both intellectually stimulating and emotionally engaging.

Participants moved swiftly into interactive activities, beginning with self-introductions in Japanese and paired conversations that pushed even the more confident speakers to stretch their abilities. The session was thoughtfully coordinated by Thomas-sensei, the Japanese instructor, who led the foundational course learners through structured group discussions on contemporary social issues. This encouraged participants to engage not just linguistically, but intellectually—expressing opinions, forming arguments, and listening to diverse perspectives in Japanese.



Simultaneously, learners from the **Basic Course (N4 level)** were immersed in business-themed role plays, simulating real-world professional scenarios. From formal meetings to negotiation settings, participants practiced using polite forms, honorifics, and culturally appropriate expressions. These activities challenged them to move beyond textbook dialogue, requiring both linguistic precision and cultural fluency.



Together, these sessions created an environment where participants were not just learning Japanese—they were **thinking, reacting, and collaborating** in it, guided by an expert who bridged language instruction with practical immersion.

Then came the much-anticipated tea break—anything but ordinary. The room came alive with the **aroma of traditional Japanese sweets**, including **Dango (a chewy rice dumpling on skewers)** and **Dorayaki (sweet pancakes filled with red bean paste)**. For many participants, it was their first taste of these delicacies, and the reactions ranged from **delightful surprise to nostalgic joy** for those who had previously visited Japan.



The energy peaked during the **Karuta game**, a **fast-paced Japanese card game that combines listening skill, reflexes, and memory**. As the poems were read aloud, participants dove toward the cards with competitive zeal—the room filled with the sounds of laughter, thuds of hands hitting the floor, and playful shouts as players raced to snatch the correct cards. There was a contagious excitement, and even those who were hesitant at first got swept up in the fun. Observers described the atmosphere as “electric,” with tables trembling under the force of enthusiastic slaps.



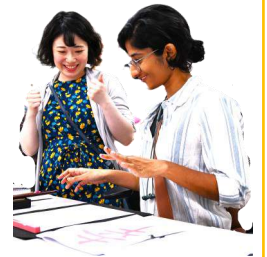
Another key highlight of the day was the **Shodō (Japanese Calligraphy) session**, led by expert instructors who introduced participants to the discipline, elegance, and inner philosophy of brush writing. For many, it was their first time holding a calligraphy brush, and although initial strokes were tentative, the atmosphere soon shifted. As ink was carefully prepared and each character slowly formed, a deep, almost reverent silence filled the room.



Participants instinctively adjusted their posture, slowed their breathing, and became attuned to the rhythm of each stroke. Many described feeling an unexpected calm take over—a sensation of being fully present, grounded in the moment. By the end, the room was filled with a quiet pride. Participants stood back and admired their finished characters, many of which reflected core values such as peace, harmony, perseverance, or their own names. With smiles and a sense of accomplishment, they proudly presented their work, capturing the moment with photographs—not just of their calligraphy, but of an experience that had clearly touched something deeper within.



Crucially, this meaningful experience was made possible thanks to the generous presence of Japanese volunteers, who took time away from their own work and daily lives to immerse the participants in authentic cultural practices. Their patient guidance, encouragement, and willingness to share their heritage firsthand added an irreplaceable depth to the workshop. Their quiet dedication served as a reminder that cultural exchange is sustained not just by institutions, but by individuals committed to building real, human connections.



The event concluded with a roadmap session led by Mr. Rathnam, outlining the next phase of the JLCC initiative and reinforcing MIJSC's long-term commitment to cultural literacy. The presence of representatives from the Indo-Japan Chamber of Commerce and Industry-Karnataka (IJCCI-K), Bangalore University, the Japan Foundation, and several Japanese volunteers and language experts added credibility and collective enthusiasm to the occasion.

This workshop wasn't just a class—it was a **meeting point of language, culture, emotion, and connection**. As MIJSC continues to shape Indo-Japanese engagement, this event stands out as a **vivid demonstration of what happens when learning steps beyond the screen and into shared human experience**.



4. A glimpse of our Webinars and Seminar

In the spirit of continuous learning, our webinar series brought together thought leaders, industry experts, and curious minds to exchange ideas, spark conversations, and explore emerging trends. Each session served as a bridge, connecting knowledge with real-world insights to empower our community.

Carbon Cashed In! Making Sense of the World's Hottest Commodity

On **25 April 2025**, **Dr. Sayuri Shirai**, a leading voice in climate finance and sustainability policy, delivered a compelling webinar on the future of **carbon markets** and their implications for countries like **India and Japan**.

Dr. Shirai currently serves as a **senior advisor to the Asian Development Bank Institute (ADBI)**, where she leads sustainability programs and the **ADBI–ADB Climate Finance Dialogue**—a platform that supports climate-related disclosures and financial policy coordination among Asia's financial regulators. Her talk demystified the structure of **compliance vs. voluntary carbon markets**, explained emerging standards in **carbon credit quality**, and emphasized the growing role of **technology**—including **blockchain, satellite monitoring, and AI**—in making carbon markets more transparent and credible.



Why It Matters for India

India is on the verge of launching its own Emissions Trading System (ETS). Dr. Shirai highlighted how, in established systems like the EU ETS and California's cap-and-trade program, a small portion of emission allowances—around 5%—can be met through purchasing voluntary carbon credits. This creates an important link between domestic emission's reduction efforts and the broader global carbon market.

She noted that India's strong technological infrastructure gives it a unique advantage in ensuring quality verification of carbon credits. Tools like AI and satellite imagery can monitor reforestation or renewable projects with high accuracy, helping build trust and attracting both investors and international partners.

Dr. Shirai also emphasized the importance of corporate disclosure and standardization. India's alignment with international frameworks like the ISSB (International Sustainability Standards Board) will be crucial in preventing greenwashing and promoting credible sustainability reporting.

Want the Full Picture?

From market design to the role of individuals in carbon reduction, this session covered it all with clarity and depth. Whether you're in climate finance, policy, ESG, or clean tech, this is one conversation worth revisiting.

Watch the full recording to explore how India and Japan can co-lead a transparent and high-quality carbon future.

 https://www.youtube.com/live/EcEtWbPPM4?si=AcQ_Ou9iRv8LOd8T



Understanding Global Trade Shifts and Japan's Strategic Adaptation

On 25 April 2025, participants gathered virtually for an insightful session led by **Dr. Tomoo Kikuchi**, a macroeconomist known for his deep expertise in global economic trends and policy strategy. A distinguished voice in trade and international macroeconomics, Dr. Kikuchi currently focuses on how broad global shifts—particularly in U.S. economic policies—reshape national development, especially for export-reliant economies like Japan.



Drawing inspiration from his mentor, Professor Urata, Dr. Kikuchi walked the audience through the implications of U.S. trade policy, the risks of protectionism, and how countries like Japan are recalibrating their strategies in a rapidly shifting economic order.

Key Takeaways: Japan's Strategic Shifts in a Changing Global Economy

1. U.S. Tariff Policies and Global Implications

Dr. Kikuchi emphasized that the Trump-era tariff policies were not just short-term disruptions but a reflection of deeper U.S. anxieties over long-standing trade and fiscal deficits. He warned against any attempts to revert to pre-1970s economic frameworks, calling such efforts "drastic and likely futile." The contradiction of maintaining the U.S. dollar as a global reserve currency while trying to eliminate deficits was highlighted as an unrealistic objective.

2. Japan's Resilience and Adaptability

Japan's response to trade pressures has evolved. Once heavily export-dependent, today's Japan enjoys a more balanced current account, supported by income from global investments. Japanese companies have shifted focus, expanding into Southeast Asia and India—a strategy that not only mitigates China-related risks but strengthens regional economic ties.

3. Trade Fragmentation and the Role of Multilateralism

Amid rising protectionism and dysfunction within the WTO, Dr. Kikuchi argued for greater regional cooperation. He urged Japan and other countries to deepen multilateral ties—particularly with the EU and even China—to preserve the liberal trading order. India was identified as a key partner in this realignment.

4. Diplomacy, Security, and Economic Leverage

Japan is gaining strategic autonomy while maintaining a non-confrontational stance in foreign policy. No longer dependent on a U.S. trade surplus, it is asserting its position through diplomatic channels and regional agreements like CPTPP.

5. The Future of Currency and Financial Leadership

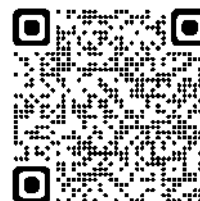
While the U.S. dollar still dominates, Dr. Kikuchi cautioned that continued U.S. political instability could erode trust. He pointed to digital and regional currencies as potential long-term alternatives.

6. India as a Strategic Partner

India emerged as a recurring theme in the discussion. With Japanese companies seeking to diversify beyond China, India stands to gain as a manufacturing and investment destination. Dr. Kikuchi suggested India reconsider its stance on regional trade agreements like RCEP to enhance its global integration.

The session offered invaluable context for understanding the intersection of economics, geopolitics, and strategic policy. For those interested in the future of trade, investment, and regional cooperation, the full recording is a must-watch.

 <https://www.youtube.com/live/Qg2FrqY1bHA?si=KyN5OMSoW9M9xKaH>



5. Cultural Crossroads—Stories from Japan’s Societal Interaction

Indian Horsemen Find a Foothold in Japan’s Famed Racing Heartland

In Urakawa, a quiet town nestled in Hokkaido’s Hidaka region—the cradle of Japan’s thoroughbred racing industry—a striking demographic shift is reshaping ranch life. Indian workers, once absent from local rosters, now form the backbone of an industry grappling with acute labor shortages.

From zero Indian residents a decade ago, Urakawa now counts over 370—roughly one in every 30 people. Many are seasoned professionals with over ten years of equine experience, brought in on skilled worker visas to care for and train some of Japan’s finest racehorses. Ranch owners say their impact is far more than just economic. “They’re dedicated, they connect with the animals, and they show up—rain or snow,” said one breeder.

Efforts to support this emerging community have followed. Town officials have issued maternity guides in Hindi, supermarkets stock Indian spices, and cultural liaisons help families navigate local bureaucracy and schools. Still, challenges persist—especially around language and education. For some Indian families, the absence of English-language schooling could ultimately mean a return home.

Yet for now, this unlikely cultural fusion is holding firm. In the stables and fields of rural Japan, Indian horsemen are not only keeping an industry alive—they’re quietly transforming it.



Rizwan Alam interacts with a horse on Nov. 28 in Urakawa, Hokkaido. (Yuka Suzuki)

Farewell to Panda Diplomacy, and Its Gentle Giant

With tears and waves, hundreds of visitors gathered in late June at Adventure World amusement park to say goodbye to four giant pandas returning to China, closing a 30-year chapter in one of Japan’s most beloved animal attractions — and a significant instance of soft diplomacy.

Their departure follows the scheduled expiration of a breeding and research agreement between Japan and China, part of a broader framework known as **panda diplomacy**.



The loss is made more poignant by the memory of Eimei, the park’s famed patriarch known as “Big Daddy.” Eimei fathered 16 cubs — ten with Rauhin — before being repatriated in 2023. He died in January 2025 at age 32, leaving behind a legacy that helped define Adventure World’s global reputation in panda conservation.

Only two pandas remain in Japan, at Tokyo’s Ueno Zoo, and they too are expected to return to China soon — signaling the quiet wind-down of an era marked as much by zoological achievement as diplomatic symbolism.

Since the 1980s, China has loaned pandas — not gifted them — to countries as part of its soft power strategy. Under these agreements, cubs born abroad remain Chinese property. Loans typically include steep annual fees, with proceeds supporting conservation efforts in China. While the Wakayama repatriation is consistent with the terms of the agreement, the shrinking number of pandas on foreign soil reflects shifting currents in China’s approach to diplomacy and an increasingly cautious global political climate.

6. Business Crossroads - Insights from Japan Inc.

A quick take on key business news from Japan, with a twist. We highlight what matters and why it could be interesting for entrepreneurs, investors, and researchers. No fluff, just insights worth thinking about.

New Trade Accord Eases U.S.–Japan Tensions, Markets Rebound

The U.S. and Japan have narrowly sidestepped a damaging trade dispute, reaching an agreement on July 22, 2025, after negotiations faltered over U.S. demands for steep car tariffs and greater rice market access. Previously, the threat of 25–35% tariffs on Japanese autos and Japan's staunch protection of its rice sector fueled fears of an economic rupture.

Both sides ultimately compromised. The U.S. will impose a 15% tariff on Japanese auto exports—lower than initially threatened, but higher than historic norms. In exchange, Japan secured a U.S. promise not to set quotas on car imports, ensuring continued market access for its crucial automotive industry. For rice, Japan agreed to modestly increase American imports while retaining most protective tariffs, balancing external pressures with domestic sensitivities.

A major component of the deal is Japan's commitment to invest \$550 billion in the United States, focusing on key sectors including semiconductors, pharmaceuticals, and clean energy. U.S. leaders emphasize the job-creation potential, while Japan frames the outcome as essential for safeguarding national industries from harsher penalties.



Japanese Economic Revitalization Minister Ryosei Akazawa, right, with Treasury Secretary Scott Bessent, center, and Commerce Secretary Howard Lutnick in Washington on May 1. Photo: str/Agence France-Presse/Getty Images

Japan's Labor Crisis Hits Transportation, Construction, and Real Estate Sectors

Japan is facing a severe labor shortage that is disrupting core sectors of the economy. Transportation, construction, and property development are all experiencing escalating delays and cost overruns, with more than \$100 billion in projects now stalled.

In logistics, SBS Holdings plans to recruit 1,800 Indonesian truck drivers over the next decade, using a dedicated training school. This comes amid a projected 36% driver shortfall by 2030, worsened by new 2024 overtime restrictions.

Construction is in crisis, with unfulfilled orders exceeding ¥15 trillion (\$103 billion). Aging workers—nearly 20% of whom are over 65—and caps on overtime have led to a sharp drop in labor capacity. Hokkaido has seen intense competition for workers due to major projects like the Rapidus semiconductor plant, driving wages up sharply.

Property development is also under pressure. Projects like Aeon Mall in Fukushima and the Sapporo Station tower have been delayed or canceled. Construction firms are becoming selective, and technology adoption remains weak compared to global peers.

Unless Japan accelerates foreign labor integration and digitization, the labor shortage threatens to stall economic growth, weaken infrastructure delivery, and damage long-term competitiveness.



Photo: NIKKEI Asia

Tesla Launches National Virtual Power Plant in Japan Amid Energy Transition

Tesla is scaling its energy business in Japan with a national rollout of its Virtual Power Plant (VPP) system, targeting the country's booming battery storage market. Starting June 2025, Tesla will deploy 100 Powerwall units at commercial sites by year-end—at no cost to users. Partnering with Fuyo General Lease and Global Engineering, Tesla will generate revenue via energy trading and grid services using its Autobidder platform.



Japan's energy storage market is projected to triple by 2035, reaching \$2.5 billion. Key drivers include rising renewable capacity, solar curtailment, and grid inflexibility. Government incentives—covering up to 90% of battery costs and enabling electricity trading by 2026—are creating favorable conditions for VPP growth.

Tesla faces competition from domestic and foreign battery makers, but its integrated model (4680 cells, V2G capability, and real-time control software) positions it well. Analysts expect it to capture 10–15% of the VPP market by 2027, worth \$400–600 million.

More than a profit move, Tesla's entry supports Japan's decarbonization, grid resilience, and industrial competitiveness. As renewable energy scales and electricity prices remain high, Tesla's Japan VPP may serve as a global model for decentralized, software-driven energy infrastructure.

Toyota, Honda, and Nissan form AI Coalition in Autonomous Driving Systems

As demographic pressure mounts and global competition intensifies, Japan is mounting an aggressive, tech-driven response. From autonomous vehicles to nuclear safety inspections, anime to medical devices, the country is leaning into artificial intelligence not as a luxury but as an existential necessity.



In a coordinated move rarely seen in its traditionally fragmented corporate ecosystem, Japan's biggest automakers — Toyota, Honda, and Nissan — have joined forces in a government-supported initiative to develop AI-powered autonomous driving systems. The effort represents a sharp pivot away from high-cost, sensor-reliant self-driving technologies toward generative AI systems capable of learning and adapting like a human driver.

For years, Japanese automakers have lagged behind rivals like Tesla and Baidu, which use software-first approaches to teach vehicles how to interpret and respond to real-world environments using nothing more than dashboard cameras and deep neural networks. Now, with state backing, Japan is attempting to leapfrog past the limitations of its legacy approach.

“We no longer believe that throwing more sensors at the problem is the answer,” said a senior executive at Toyota, speaking on condition of anonymity. “We need software that can understand the road as a human would — and learn from it.”

“The project underscores a broader reality: Japan's global competitiveness — long defined by hardware innovation — is now being recalibrated around AI, data, and automation.

SoftBank, OpenAI to Launch \$6.7B AI Data Center in Japan

SoftBank has acquired a former Sharp LCD factory in Osaka for \$676 million, with plans to transform it into one of Japan's largest AI data centers. The facility, set to launch in 2026, will begin with 150 megawatts of power and expand to over 240 megawatts. Total investment is expected to reach \$6.7 billion.

The project is part of **SB OpenAI Japan**, a 50-50 joint venture between SoftBank and OpenAI, aimed at deploying a new enterprise AI platform called **Cristal Intelligence**. Designed for large Japanese corporations, Cristal will allow secure fine-tuning of OpenAI models and integration into enterprise IT systems to automate processes like financial reporting and customer service.

This marks SoftBank's third AI data center in Japan and supports its broader strategy, including a potential \$25 billion investment in OpenAI. Internally, SoftBank plans to automate over 100 million workflows using Cristal.

The move positions Japan as a serious player in enterprise AI and provides OpenAI with a key entry point into the country's corporate sector. With rising demand for automation and labor-saving technologies, the Osaka facility could become the backbone of Japan's AI-powered industrial future.



Japan Launches \$700 Million Initiative to Attract Global Researchers Amid U.S. Academic Flight

In a bid to reclaim scientific prestige and tap into global academic unrest, Japan is launching a 100 billion yen (roughly \$700 million) emergency package aimed at luring top researchers from abroad—particularly from the United States, where funding cuts and political tensions have triggered what officials describe as a “brain drain.”

Announced by Minoru Kiuchi, Minister of State for Science and Technology Policy, the initiative seeks to revitalize Japan's research ecosystem by offering competitive salaries, reducing bureaucratic red tape, and outfitting institutions with cutting-edge technology. The strategy is focused on high-stakes fields such as artificial intelligence, quantum computing, and semiconductors—areas where Japan has lost ground to China and the West in recent years.

Universities will be at the center of the recruitment drive. Tohoku University plans to deploy 30 billion yen to hire 500 researchers globally, while Osaka University is launching a program to recruit 100 early-career scientists with doctorates.

The urgency is clear. Japan fell to 13th place globally in the number of highly cited scientific papers last year—a record low. With this package, Tokyo hopes not only to reverse that trend but also to position itself as a sanctuary for global talent increasingly disillusioned with American academia.



Medical Device Makers Flex Pricing Power Amid Trump Tariffs

In the face of renewed U.S. tariffs under the Trump administration, Japan's medical device sector is holding its ground. Industry leaders such as Terumo and Olympus, known for their specialized instruments in cardiovascular and endoscopic procedures, are demonstrating unusual resilience. Unlike mass-market manufacturers in pharmaceuticals or personal protective equipment (PPE), these companies operate in narrow, high-value segments where competition is limited and expertise is not easily replicated.

With little fear of market share erosion, these firms are passing increased tariff costs directly onto American buyers — a reflection of their pricing power and entrenched position in hospital supply chains.

At the same time, the broader life sciences sector is seeking exemptions from the tariffs, arguing that disrupting supply lines for advanced medical equipment risks compromising patient care in the U.S., where domestic production often cannot fill the gap.

“There’s a difference between gloves and implantable devices,” said one trade negotiator familiar with ongoing talks. “You can’t just spin up a factory for stents overnight.”



AI Steps Into the Nuclear Core

Perhaps nowhere is Japan's demographic crisis more stark than in its energy infrastructure. With a rapidly aging workforce and declining engineering talent, nuclear operators are turning to AI to maintain safety standards and operational continuity. Machine learning algorithms are now used to detect corrosion, monitor radiation patterns, and assist with compliance inspections — roles that once required teams of highly trained technicians.

Government regulators, historically conservative in adopting new technologies, are now actively encouraging the use of AI, citing both safety and necessity. Without automation, many reactors — already politically sensitive — face long-term operational risk due to staffing shortages.

The move is part of a broader embrace of AI and robotics across the Japanese economy. According to official estimates, Japan will face a shortfall of more than 11 million workers by 2040. To counter this, the government is investing in AI applications across logistics, agriculture, healthcare, and infrastructure.



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