



Japan

Land of rising innovation

Japan is known for innovation and unparalleled commitment to tech education, factors that contributed to its ranking as an Innovation Leader. At 57.2 percent, Japan boasts a higher percentage of STEM graduates than any other country — exceeding even powerhouses such as China (49.4 percent), Israel (44.9 percent), and Singapore (41.8 percent).

Yet Japan maintains a conservative approach to disruptive technologies. The Road Transportation Act largely prohibits ridesharing, making it illegal for private drivers to transport paying passengers. For years, the government has allowed ridesharing services — including UberX — to operate only in small areas subjected to onerous local rules.

With the 2020 Olympics approaching, leaders in Tokyo are taking up issues many had thought long resolved. While Japan’s prohibitive Inns and Hotels Act continues to mandate hygiene and safety standards too strict for most private individuals to meet, the new Housing Accommodation Business Act (Minpaku Bill) will loosen these rules. When the new law takes effect in June 2018, people will be allowed to list their homes on Airbnb, HomeAway and other services. Japan will still require short-term renters to register with local authorities and use regulated listing platforms that maintain relatively high legal barriers for individuals who wish to rent their properties, but it’s a step in the right direction.

In other areas, Japan remains more resistant to the growth of new technologies: The country penalizes its citizens with streaming taxes for watching foreign entertainment services.

Sources: (Mlit) (Japan Times) (Lexology) (NTA)

WHAT DID WE DO RIGHT?

Japan invests nearly 3.5 percent of GDP in research and development spending and awards nearly 60 percent of all degrees in the country to STEM graduates.

WHAT CAN WE DO BETTER NEXT YEAR?

Japan can roll back rules protecting taxi drivers at the expense of innovation. App-based ridesharing companies have to work with licensed taxi drivers, but taxi licenses are limited and cost \$3,000. Japan can also reduce its corporate tax from its current 30.9 percent, one of the highest rates in the world.

Diversity	C-
Freedom	B-
Broadband	C
Human Capital	A
Tax Friendliness	D
R&D Investment	A
Entrepreneurial Activity	C
Drones	C
Ridesharing	D-
Short-Term Rentals	C
Self-Driving Vehicles	A
Environment	A-



Broadband

Japan outperforms most other countries with impressive average broadband speeds of 17.9 mbps.



Self-Driving Vehicles

In 2017, Nissan partnered with a Japanese software company to roll out driverless taxis on public roads. And the Japanese government is pushing to make self-driving vehicles commonplace on public roads by the time the country hosts the 2020 Summer Olympics.



Environment

Japan has the cleanest air and drinking water among East Asian Scorecard countries.



R&D Investment

Japan outpaced other, much larger countries in research and development spending, investing nearly 3.5 percent of its GDP in R&D.

OSAKA

Osaka, Japan's second-largest city, has turned to a traditional commercial setting to spur innovation: a shopping mall.

The city is home to the Grand Front, a six-story mall that now houses innovators and entrepreneurs seeking to get a range of products off the ground.

At the heart of the Grand Front is the Innovation Lab, a showroom that lets Osaka entrepreneurs put products directly into the hands of local consumers. Customers can try drone prototypes, or step into an augmented reality fitting room to try on outfits simply by standing in front of a mirror.

With feedback from these shoppers-turned-beta testers, entrepreneurs can bring their products into broader markets with confidence. And on the floors above, developers can coordinate in the Knowledge Salon, a co-working space with room for 275 entrepreneurs.

The innovative take on a commercial mainstay is part of an effort to create 10,000 jobs every year by 2020, and to jump-start the economy by enticing companies to not only start in Osaka, but develop and grow there.

Sources: [The Guardian](#) [Tech In Asia](#) [Forbes](#)



In Japan, the city of Osaka has turned a retail staple into an center for innovation with the Grand Front, a six-story shopping mall that hosts innovators and entrepreneurs looking to connect directly with consumers. The mall allows customers to try prototypes and give feedback to startups, who can then use that feedback to improve their products.