

Hotel War Under Way in Tokyo

– Lower Land Prices Spur Foreign Luxury Hotels –

JAPAN'S capital Tokyo is seeing intensified competition among luxury hotels. Following the success of the Park Hyatt Tokyo and the debut of the Conrad Tokyo in 2005, more foreign luxury hotels such as the Ritz-Carlton Tokyo and the Peninsula Tokyo are scheduled to open in 2007.

In response, Japan's time-honored Imperial Hotel and Hotel New Otani plan major makeovers of their facilities. Behind the series of openings of such foreign luxury hotels in Tokyo are declines in land prices in the wake of the burst of the late 1980s asset-inflated bubble economy and a relaxation of floor-space ratio requirements for build-

ings housing commercial facilities or hotels in parts of the capital. Real-estate developers, who have accumulated development funds amid ultra-low interest rates, are actively inviting hotels as key tenants in an effort to attract visitors to their redeveloped buildings.

Some hotel industry officials say the successive openings of luxury hotels could mean excessive competition. The operator of the Peninsula Tokyo is bullish, saying, "Compared with other international cities, the number of luxury hotels was too small in Tokyo. There are many guests who pay expensive charges and expect high-quality services."

Photo: The Mainichi Newspapers



The Park Hyatt Tokyo inspires other international luxury hotels to move into Japan

Nissan, GM in Alliance Talks

– Nissan President Ghosn Rocks Global Automobile Industry –

THE world's automobile industry is being rocked by a single figure, Carlos Ghosn, who has rebuilt Nissan Motor Co. Ghosn, who also serves as president of Renault S. A., held talks with General Motors Corp. (GM) Chairman Rick Wagoner in mid-July and reached agreement to launch substantial alliance talks. If the three automakers form an alliance, it would be a giant automaker group with an annual output of more than 15 million vehicles seizing a quarter of the global market.

Among the options the three makers appear to be studying is a plan calling for Nissan and Renault to acquire a combined stake of up to 20% in GM. In the alliance talks through mid-October, the three makers intend to discuss the specific details of their proposed partnership. The struggling GM faces the tough

tasks of streamlining personnel and equipment. Some auto industry officials say that Nissan might be saddled with a major problem from the viewpoint of efficient management even if it is successful in forming an alliance with GM and becomes larger in scale.

Toyota Motor Corp., which has maintained friendly ties with GM for a long time, must have mixed feelings. Toyota is expected to soon exceed GM in terms of sales to become the world's No. 1 automaker. But the Nissan-Renault-GM alliance, if realized, would be detrimental to Toyota's long-term goal to become No. 1 in the world. To counter the alliance moves among Nissan, Renault and GM, other makers in Japan, the United States and Europe may begin talks for another realignment of the automobile industry.

Photo: Kyodo News



Carlos Ghosn, the CEO of Nissan, speaks at a news conference